KWALITY LIMITED

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Our Company was incorporated on August 21, 1992 as a public limited company under the Companies Act, 1956 with the name Kwality Dairy (India) Limited . Subsequently, the name of our Company was changed to Kwality Limited and a fresh certificate of incorporation consequent upon change of name was issued on August 16, 2013. For details, see "General Information" on page 144.

Kwality Limited (the "Company") is issuing up to [●] Equity Shares (as defined below) of face value of ₹ 1/- each (the "Equity Shares") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share, aggregating to ₹8000 Lakhs (the "Issue").

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED AND SECTION 42 OF THE COMPANIES ACT 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER.

The total number of issued and paid-up equity shares of our Company of face value of ₹ 1/- each are 241354382/- ("Equity Shares"), and all of such Equity Shares are currently listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE", together with the BSE, the "Stock Exchanges"). The closing price of the outstanding Equity Shares on the BSE and the NSE as on September 11, 2018 was ₹ 21.95 and ₹ 22.05 per Equity Share, respectively. In-principle approvals under Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of the Equity Shares have been received from the BSE and the NSE vide letter no. DCS/QIP/RB/IP/891/2018-19 dated September 12, 2018 and vide letter no. NSE/LIST/18539 September 14, 2018, respectively. Applications shall be made for obtaining the listing and trading approvals for the Equity Shares to be issued pursuant to the Issue on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or of the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

A copy of the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) was delivered to the Stock Exchanges. A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) will also be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, National Capital Territory of Delhi and Haryana ("ROC") and the Securities and Exchange Board of India ("SEBI"), each within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014. This Preliminary Placement Document has not been reviewed by SEBI, the Reserve Bank of India ("RBI"), the Stock Exchanges, the ROC or any other regulatory or listing authority and is intended only for use by Eligible QIBs (as defined below). This Preliminary Placement Document has not been and will not be registered as a prospectus with the ROC, will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

THIS ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBs (AS DEFINED BELOW), IN RELIANCE UPON AND THE RULES MADE THEREUNDER AND CHAPTER VIII OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND ONLY QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN REGULATION 2(1)(zd) OF THE SEBI ICDR REGULATIONS ("QIBs") WHICH ARE NOT: (A) EXCLUDED PURSUANT TO REGULATION 86 OF THE SEBI ICDR REGULATIONS; AND (B) RESTRICTED FROM PARTICIPATING IN THE ISSUE UNDER THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LAWS, ARE ELIGIBLE TO INVEST IN THIS ISSUE.

YOU MAY NOT AND ARE NOT AUTHORISED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER;OR (3) RELEASE ANY PUBLIC ADVERTISEMENT OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TOCAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 45 OF THIS PRELIMINARY PLACEMENT DOCUMENT BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF A INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT.

The Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has been circulated only to such Eligible QIBs whose names are recorded by our Company prior to making an invitation to subscribe to the Equity Shares.

Invitations, offers and sales of Equity Shares in this Issue shall only be made pursuant to this Preliminary Placement Document, the Confirmation of Allocation Note and the Application Form. For further information, refer to "Issue Procedure" appearing on page no. 106 of this Preliminary of Placement Document. The distribution of this Preliminary Placement Document or the disclosure of its contents without our Company's prior consent, to any person, other than Eligible Qualified Institutional Buyers ("QIBs") as defined in the SEBI (ICDR) Regulations and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares being issued pursuant to this Issue, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable state securities laws of the United States and, unless so registered, may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) ("U.S. QIB") pursuant to Section 4(a)(2) or another available exemption from registration under the U.S. Securities Act; for avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Preliminary Placement Document as "QIBs" and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. See the sections titled "Selling Restrictions" and "Transfer Restrictions" on pages . 118 and . 119, respectively.

BOOK RUNNING LEAD MANAGER TO THE PLACEMENT

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Email: investors@dnafinserv.com ; Website: www.dnafinserv.com

The information on the Company's website or any website directly or indirectly linked to the Company's website or the website of the Book Running Lead Manager or any of its affiliates does not form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

This Preliminary Placement Document is dated September 14, 2018.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and having made all reasonable enquiries, confirms, to the best of its knowledge and belief, that this Preliminary Placement Document contains all information with respect to our Company, its Subsidiary and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, its Subsidiary and the Equity Shares are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, its Subsidiary and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company, its Subsidiary and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.
Each person receiving this Preliminary Placement Document acknowledges that such person has neither relied on the Book Running Lead Manager nor on any of its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Company, its Subsidiary and the merits and risks involved in investing in the Equity Shares. Any prospective investor should not construe anything in this Preliminary Placement Document as legal, business, tax, accounting or investment advice.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the Book Running Lead Manager. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue (in consultation with the Book Running Lead Manager or its representatives) and those retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States, and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" (as defined in Regulation S) in accordance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described in the sections titled "*Selling Restrictions*" and "*Transfer Restrictions*". Purchasers of the Equity Shares will be deemed to make the representations set forth in the sections titled "*Representations by Investors*" and "*Transfer Restrictions*".

The distribution of this Preliminary Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the Book Running Lead Manager which would permit an Issue of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any Issue materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction that would require registration of the Equity Shares in such country or jurisdiction. See the sections titled "*Selling Restrictions*" and "*Transfer Restrictions*".

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to investment, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the Equity Shares is deemed to have acknowledged, represented and agreed that they are eligible to invest in India and in our Company under Chapter VIII of the ICDR Regulations and is not prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities. Each purchaser of the Equity Shares also acknowledges that it has been afforded an opportunity to request from our Company and review information pertaining to our Company and the Equity Shares.

Each subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Section 42 of the Companies Act 2013, read with Rule 14 of the PAS Rules, and Chapter VIII of the ICDR Regulations and that they are not prohibited by the SEBI or any other statutory authority from buying, selling or dealing in securities including the Equity Shares. The information on our Company's website or any website directly or indirectly linked to our Company's website i.e www.kwality.com or the website of the Book Running Lead Manager or its affiliates, does not constitute or form part of this Preliminary Placement Document. Prospective investors should not rely on the information contained in, or available through such websites. This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

By Bidding for and/or subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed with/to the Company and the Lead Manager as follows:

1. you are an eligible QIB, as defined in Regulation 2(1)(zd) of the ICDR Regulations and not excluded pursuant to Regulation 86 of the ICDR Regulations, having a valid and existing registration under the applicable laws and regulations of India and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you in accordance with Chapter VIII of the ICDR Regulations;

2. you undertake to comply with the ICDR Regulations, the Companies Act and all other applicable laws, including any reporting requirements prescribed under such laws;

3. if you are not a resident of India, you are an eligible QIB, and (i) you are an FPI (other than category III) including an FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) and (ii) have a valid and existing registration with SEBI under the applicable laws in India and (iii) or a multilateral or bilateral development financial institution or an FVCI. You are investing in this Issue under the portfolio investment scheme and will make all necessary filings with the appropriate regulatory authorities, as required, pursuant to applicable laws;

4. you are eligible to invest in India under applicable laws, including the FEMA Regulations, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by the SEBI or any other regulatory authority, from buying, selling or dealing in securities;

5. you will make all necessary filings with appropriate regulatory authorities, including the RBI, as maybe required under applicable laws;

6. you confirm that if you are Allotted the equity shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the equity shares so acquired except on a recognized stock exchange;

7. you are aware that the Equity Shares have not been and will not be offered and/or sold through a prospectus under the Companies Act, the ICDR Regulations or under any other law in force in India. Further, you are aware that this Preliminary Placement Document has not been verified or affirmed by the RBI, the SEBI, the ROC, the Stock Exchange or any other regulatory or statutory authority and is intended only for use by QIBs;

8. you are aware that this Preliminary Placement Document has been filed with the Stock Exchange for record purposes only and has been displayed on the websites of our Company and the Stock Exchange. Further, you are aware that the Company is required to make the requisite filings in relation to the Issue with the ROC and the SEBI within the time periods prescribed under the Companies Act and the PAS Rules;

9. you have fully observed such laws and obtained all such governmental and other consents which may be required thereunder and complied with all necessary requirements;

10. you are aware that additional requirements are applicable to you, if you are any jurisdiction other than India. For details, see the section titled "*Selling Restrictions*" and *"Transfer Restrictions*". You are able to purchase the Equity Shares in compliance with the legal requirements described in the section titled *"Selling Restrictions"*.

11. you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents/ permissions and authorities to agree to the terms set out or referred to in this Preliminary Placement Document), and will honor such obligations;

12. you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company's Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company's Presentations:

(a) You understand and acknowledge that the Lead Manager may not have knowledge of any information, answers, materials, documents and statements that our Company or its agents may have made at such Company's Presentations and are therefore unable to determine whether the information provided to you at such Company's Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company's Presentations, and (b) confirm that you have not been provided any material information that was not publicly available;

13. Neither our Company nor the Lead Manager nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates is making any recommendations to you or advising you regarding the suitability of an investment in the Equity Shares offered in the Issue and that participation in the Issue is on the basis that you are not and will not, up to the Allotment, be a client of the Lead Manager and that the Lead Manager or any of its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates have no duties or responsibilities to you for providing the protection afforded to their clients or for providing advice in relation to the Issue and are in no way acting in a fiduciary capacity to you;

14. you are aware that our Company is required to disclose details such as your name, address, email id PAN and the number of Equity Shares Allotted to you to the RoC and the SEBI in accordance with applicable laws, and you consent to such disclosures. Further, if you are one of the top ten shareholders of our Company, our Company will be required to make a filing with the RoC within 15 days of the Allotment as per Section 93 of the Companies Act, 2013;

15. you are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchange, and they will make the same available on their websites and you consent to such disclosures;

16. you understand that all statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. Thus, you understand that you should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. You understand and acknowledge that the Company and the Lead Manager assume no responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

17. you have been provided a serially numbered copy of this Preliminary Placement Document and have read this Preliminary Placement Document in its entirety, including, in particular, the sections titled "*Risk Factors*" and *"Forward-Looking Statements"*;

18. you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment of the same shall be on a discretionary basis;

19. that in making your investment decision, (i) you have relied on your own examination of our Company, its Subsidiary and the terms of the Issue, including the merits and risks involved, (ii) you have consulted your own independent advisors or otherwise have satisfied yourself concerning without limitation, the effects of local laws and taxation matters, (iii) you have relied solely on the information contained in this Preliminary Placement Document, which has been independently prepared and provided solely by our Company, and no other disclosure or representation by our Company or any other party; (iv) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Equity Shares; (v) you have made your own assessment of us, the Equity Shares and the terms of the Issue; and (vi) you have relied upon your own investigation and resources in deciding to invest in this Issue;

20. you are a sophisticated investor and have such knowledge and experience in financial investment and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the

investment in the Equity Shares; (ii) will not look to our Company and/or the Lead Manager or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares; (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You seek to purchase the Equity Shares in the Issue for your investment purposes and not with a view for resale or distribution;

21. you understand that our Company or the Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have not provided you with any tax advice or otherwise made any representations regarding the tax consequences of subscription, ownership or disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Manager or any of its shareholders, employees, counsels, officers, directors, representatives, agents or affiliates or our Company when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Issue). You waive and agree not to assert any claim against the Lead Manager or any of their shareholders, employees, counsels, officers, directors, representatives, agents or affiliates or our Company with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

22. that where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to “you” to include such accounts;

23. you are not a ‘promoter’ (as defined under the ICDR Regulations) of the Company or a person related to any ‘promoter’, either directly or indirectly, and your Application does not directly or indirectly represent the Promoter(s) or Promoter Group or group companies of the Promoter(s) of our Company;

24. you have no rights under any shareholders’ agreement or voting agreement with the ‘promoter’ (as defined under the ICDR Regulations) or a person related to any ‘promoter’, nor any veto right or right to appoint any nominee director on the Board of Directors other than the rights you may have acquired in the capacity of a lender, and where such acquisition has not and will not result in you being deemed to be a ‘promoter’, a person related to the Promoter(s) or Promoter Group or group companies of the Promoter(s) of our Company;

25. you are aware, understand and agree that you have no right to withdraw your Application after the Bid/Issue Closing Date;

26. you are eligible, including without limitation under applicable law, to apply for and hold the Equity Shares so Allotted and together with any securities of our Company held by you prior to the Issue. You further confirm that your aggregate holding in our Company upon the issue and Allotment shall not exceed the level permissible as per any applicable laws;

27. that the Application Form submitted by you would not at any stage result, directly or indirectly, in triggering any requirement to make a public announcement to acquire Equity Shares in accordance with the Takeover Regulations;

28. to the best of your knowledge and belief, your aggregate holding together with other allottees belonging to the same group or are under common control as you, pursuant to the Allotment shall not exceed 50% of the Issue Size. For the purposes of this representation:

    i. The expression “Belongs to the Same Group” shall be interpreted by applying the concept of “Company under the same Group” as provided in sub section11 of section 372 of the Companies Act, 1956.

    ii. “Control” shall have the same meaning as is assigned to it by clause 1(e) of Regulation 2 of the Takeover Regulations.

29. you understand that the Equity Shares will, when issued, be credited as fully paid and will rank *pari- passu* in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of issue of the Equity Shares;

30. you are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchange, were made and such approval has been received from the Stock Exchange, and (ii) the application for the final listing and trading approval will be made only after Allotment. Our Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

31. you shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approval for the Equity Shares are issued by the Stock Exchange;

32. you understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Lead Manager nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By participating in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Lead Manager or our Company or any other person and neither the Lead Manager nor our Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

33. you understand that the Lead Manager does not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us of any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

34. Any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of the Republic of India and the courts at New Delhi, India, India shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Issue;

35. That each of the representations, warranties, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

36. You agree to indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, undertakings, and agreements in this section. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

37. you understand that our Company, the Lead Manager, its respective affiliates and others will rely on the truth and accuracy of the foregoing representations, agreements, warranties, acknowledgements and undertakings, which are given to the Lead Manager on its own behalf and on behalf of our Company and are irrevocable and it is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Lead Manager; and

38. you have made, or been deemed to have made, as applicable, the representations set forth in this section, namely "*Representations By Investors*".

OFF-SHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations (as defined below), FPIs (other than Category III foreign portfolio investors and unregulated broad based funds, which are classified as Category II FPI by virtue of their investment manager being appropriately regulated)may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying, and all such offshore derivative instruments are referred to herein as "P-Notes") directly or indirectly, for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation, and are issued in compliance with 'know your client' requirements. An FPI shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

Affiliates of the Book Running Lead Manager that are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and does not constitute any obligations of or claims on the Book Running Lead Manager.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to BSE and NSE (the "**Stock Exchanges**"). The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document;

2. warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company; and

it should not for any reason be deemed or construed to mean that the Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to “you”, “your”, “offeree”, “purchaser”, “subscriber”, “recipient”, “investors”, “prospective investors” and “potential investor” are to the prospective investors of Equity Shares in the Issue and references to the “Issuer”, “our Company” or “KWALITY”, are to the Kwality Limited, and references to “we”, “us”, or “our”, or similar terms are to Kwality Limited and its Subsidiary unless the context otherwise requires.

References in this Preliminary Placement Document to “India” are to the Republic of India and its territories and possessions and the “Government” or the “central government” or the “state government” is to the Government of India, central or state, as applicable. References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Financial and Other Information

Our Company publishes its financial statements in Indian Rupees. Prior to April 1, 2016, we prepared our financial statements in accordance with the accounting principles generally accepted in India (“Indian GAAP”), prescribed by the Institute of Chartered Accountants of India (“ICAI”), the Companies Act, 1956, the Companies Act, 2013, Accounting Standards notified under the Companies Act and the requirements of the SEBI Listing Regulations, each as applicable. With effect from April 1, 2016, we adopted Indian Accounting Standards (“Ind AS”) prescribed under Section 133 of the Companies Act, 2013 read with the rules made thereunder and, accordingly, our financial statements as of and for the years ended March 31, 2018 and March 31, 2017 have been prepared in accordance with Ind AS and the Companies Act (the “Ind AS Audited Consolidated Financial Statements”). Our financial statements as of and for the year ended March 31, 2016 have been prepared in accordance with Indian GAAP and restated in accordance with Ind AS for comparative information and presented in the Ind AS Audited Consolidated Financial Statements for the year ended March 31, 2017.

The financial statements for the financial years ended March 31, 2018 and March 31, 2017, prepared under Ind AS, and the financial statements for the year ended March 31, 2016, restated in accordance with Ind AS for comparative information, are not comparable with financial statements prepared for prior periods in accordance with Indian GAAP.

The audited financial statements as at and for the year ended March 31, 2018 have been audited by M/s MSKA & Associates, Chartered Accountants, while the audited financial statements as at and for the years ended March 31, 2017 and March 31, 2016 have been audited by our previous statutory auditors, M/s. P. P. Mukerjee & Associates, Chartered Accountants.

Our Company does not quantify the impact of U.S. GAAP or International Financial Reporting Standards (“IFRS”) on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its financial statements to U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differ in certain significant respects from Ind AS or Indian GAAP, as applicable. Accordingly, the degree to which the Standalone and consolidated financial statements prepared in accordance with Ind AS or Indian GAAP included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader’s familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

There are significant differences between Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Preliminary Placement Document and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, the Companies Act, the Ind AS. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

The financial information relating to our Company herein have been converted from crore, lakh or thousands, as the case may be, into millions and shown to the nearest two decimal places. References to “lakh” and “crore” in this Preliminary Placement Document are to the following:

- One Million represents 10,00,000
- One lakh represents 100,000 (one hundred thousand);and
- One crore represents 10,000,000 (ten million).

In this Preliminary Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The Financial Year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year. Unless otherwise stated, references in this Preliminary Placement Document to a particular year are to the calendar year ended on December 31, and to a particular "Financial" or "Financial Year" or "FY" or "Fiscal" or "Fiscal Year" are to the twelve month period ended on March 31 of that year.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to businesses of the Company contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which the Company competes. The statistical information included in this Preliminary Placement Document relating to the various sectors in which the Company operates has been reproduced from various trade, industry and government publications and websites.

This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so the Company has relied on internally developed estimates.

While the Company has compiled, extracted and reproduced this data from external sources, including third parties, trade, industry or general publications, the Company accepts no responsibility for accurately or completely reproducing such data. Neither the Company nor the Book Running Lead Manager have independently verified this data and neither the Company nor the Book Running Lead Manager make any representation regarding the accuracy of such data. Similarly, while the Company believes that its internal estimates are reasonable, such estimates have not been verified by any independent sources and neither the Company nor the Book Running Lead Manager can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. All statements regarding the Company's expected financial condition and results of operations and business plans, including potential acquisitions, and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, revenue and profitability, planned projects and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Preliminary Placement Document (whether made by the Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant statement. Important factors that could cause actual results, performance or achievements to differ materially include, among other:

- Difficulty in managing our future growth and profitability;
- Inability to respond to rapid changes in the market, customer preferences or other competitive factors;
- The global economic slowdown;
- Economic and other conditions in the markets in which the Company operates;
- The Company's ability to successfully implement its strategy, growth and expansion plans;
- Indian governmental policies regarding the industry that we operate in, various duties and taxes, the monetary and interest rate policies and other policies affecting the Company's business;
- competition in the industry in which the Company operates;
- changes in Indian and foreign laws and regulations, including tax, and accounting regulations;
- the Company's inability to attract and retain qualified personnel for its various businesses;
- the Company's ability to finance its business and growth

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited, to those discussed under the "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of Company", "Industry Overview" and "Our Business" on pages 37,64,74 and 78 respectively, of this Preliminary Placement Document.

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of the Company's underlying assumptions prove to be incorrect, the Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability public company incorporated under the laws of India. The majority of our Company's Directors and key managerial personnel are residents of India and all or a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to affect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties in courts outside of India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the "**CPC**").

Section 13 of the CPC provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. A foreign judgment which is conclusive under Section 13 of the CPC may be enforced either by a fresh suit upon the judgment or by proceedings in execution.

Pursuant to Section 14 of the CPC, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record. However, such presumption may be displaced by proving want of jurisdiction.

Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as of any amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards.

The United Kingdom, Singapore and Hong Kong among other jurisdictions have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the CPC but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India or Indian practice. Further, any judgment or award for payment of amounts denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment which could also increase risks relating to foreign exchange. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered. Any such amount may be subject to income tax in accordance with applicable law.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the US Dollar will affect the US Dollar equivalent of the Rupee price of the Shares on the Stock Exchanges. These fluctuations will also affect the conversion into US Dollars of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rate between the Rupee and the US dollar (in Rupees per US dollar) for the periods indicated. Exchange rates are based on the reference rates released by the Reserve Bank of India. No representation is made that any Rupee amounts could have been, or could be, converted into US dollars at any particular rate, the rates stated below, or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. dollar (in Rupees per U.S. dollar), for the periods indicated.

(₹ per US$)

Period	Period End	Average*	High*	Low*
Fiscal				
2018	65.04	64.45	65.76	63.35
2017	64.84	66.78	68.72	64.84
2016	66.33	65.47	68.78	62.16
Month Ended				
August 31, 2018	70.87	68.48	71.06	68.34
July 31, 2018	69.05	68.74	69.05	68.53
June 30, 2018	68.58	67.79	68.94	67.02
May 31, 2018	67.45	67.54	68.39	66.61
April 30, 2018	66.78	65.64	66.83	64.93
March 31, 2018	65.04	65.02	65.23	64.80
February 28, 2018	65.10	64.37	65.10	63.61
January 31, 2018	63.69	63.64	63.98	63.35

(Source: www.rbi.org.in)

(1) Average of the official rate for each working day of the relevant period;

(2) Maximum of the official rate for each working day of the relevant period;

(3) Minimum of the official rate for each working day of the relevant period; and

(4) If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.

(5) The RBI reference rates are rounded off to two decimal places.

The exchange rate on September 11, 2018 was Rs. 72.32 per US$ 1.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the Euro (in Rupees per Euro 1), for the periods indicated.

(₹ per Euro 1)

Period	Period End	Average*	High*	Low*
Fiscal				
2018	80.62	75.42	80.76	68.25
2017	69.25	72.93	76.61	69.25
2016	75.10	71.76	77.36	66.16
Month Ended				
August 31, 2018	82.72	80.42	82.72	79.16
July 31, 2018	80.54	80.35	80.78	79.96
June 30, 2018	79.85	79.16	79.93	78.36
May 31, 2018	78.09	79.82	80.53	78.20
April 30, 2018	80.74	80.66	81.46	79.51
March 31, 2018	80.62	80.25	80.76	79.50
February 28, 2018	79.59	79.56	80.17	78.75
January 31, 2018	79.21	77.45	79.21	76.14

(Source: www.rbi.org.in)

(1) Average of the official rate for each working day of the relevant period;

(2) Maximum of the official rate for each working day of the relevant period;

(3) Minimum of the official rate for each working day of the relevant period; and

(4) If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed.

(5) The RBI reference rates are rounded off to two decimal places.

The exchange rate on September 11, 2018 was Rs. 84.07 per Euro 1.

CERTAIN DEFINITIONS AND ABBREVIATIONS

The Company has prepared this Preliminary Placement Document using certain definitions and abbreviations which you should consider when reading the information contained herein.

The terms defined in this section shall have the meaning set forth herein, unless specified otherwise in the context thereof, and references to any statute or regulations or policies shall include amendments thereto, from time to time.

Company Related Terms

Term	Description
"the Company" , "our Company", "the Issuer", "Kwality Limited"	Kwality Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi 110027
Articles/Articles of Association	The Articles of Association of the Company, as amended
Audited Consolidated Financial Statements	Audited consolidated financial statement of the company for the year ended March 31, 2016, 2017 and 2018.
Audited Standalone Financial Statements	Audited standalone financial statement of the company for the year ended March 31, 2016, 2017 and 2018.
Auditors	M/s. MSKA Associates, Chartered Accountants , the Statutory Auditors of the Company
Board of Directors/Board	The Board of Directors of the Company or any duly constituted committee thereof
Directors	Directors of the Company, unless otherwise specified
Equity Shares	Equity Shares of the Company of face value of ₹ 1/- each
ESOP 2014	Employee Stock Option Plan, 2014
Financial Statements	The financial statements include the consolidated financial statements for the financial years ended March 31, 2016, March 31, 2017 and March 31, 2018. Such financial statements have been drawn from the audited consolidated financial statements of the Company for the respective years prepared in accordance with Indian GAAP and the Companies (Accounting Standard) Rules, 2006, as amended.
Key Management Personnel	Key management personnel of our Company as disclosed in "Board of Directors and Senior Management" on page 90
Memorandum or Memorandum of Association	The Memorandum of Association of the Company, as amended
Nomination and Remuneration Committee	Nomination and Remuneration Committee constituted by the Board of Directors of the Company in accordance with section 178 of the Companies Act, 2013 read with SEBI (LODAR) Regulations, 2015.
Promoter (s)	Mr. Sanjay Dhingra
Promoter Group	Not Applicable
Registrar of Companies or ROC	Registrar of Companies, National Capital Territory of Delhi and Haryana
SEBI (SAST) Regulations or Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and subsequent amendments thereto.
SEBI (PIT) Regulations or Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015 and subsequent amendments thereto.
SEBI (ICDR) Regulations/ICDR Regulation	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and subsequent amendments thereto.
SEBI LODAR Regulation or Listing Regulations	SEBI (Listing Obligation and Disclosures) Requirements Regulations, 2015 and subsequent amendments thereto.
Subsidiary	Kwality Dairy Products FZE
"We" or "us" or "”our"	Unless the context otherwise requires, Kwality Limited along with our Subsidiary, Associates and Joint Ventures.

Issue Related Terms

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by them, in consultation with the Book Running Lead Manager in compliance with Chapter VIII of the SEBI (ICDR) Regulations
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Allotment or Allotted	Unless the context otherwise requires, the issue and allotment of Equity Shares pursuant to the Issue

Application Form	The form pursuant to which a QIB shall submit a bid in the Issue
Bid Closing Date	[●], the date on which the Company (or the Book Running Lead Manager on behalf of the Company) shall cease acceptance of Application Forms
Bid Opening Date	September 14, 2018 the date on which the Company (or the Book Running Lead Manager on behalf of the Company) shall commence acceptance of Application
Bid(s)	Indication of a QIB's interest including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares in the Issue
Bidding Period	The period between the Bid Opening Date and Bid Closing Date, inclusive of both dates, during which prospective QIBs can submit their Bids
BRLM/Book Running Lead Manager	D & A Financial Services (P) Limited
CAN or Confirmation of Allocation Note	Note, advice or intimation to not more than 49 QIBs confirming the Allocation of Equity Shares to such QIBs after discovery of the Issue Price and requiring payment of the Issue Price for all the Equity Shares allocated to such QIBs
Cut-off Price	The Issue Price of the Equity Shares which shall be finalized by the Company in consultation with the Book Running Lead Manager
Escrow Account	A special bank account opened by the Company, wherein account name " Kwality Limited– QIP – Escrow Account", into which application money shall be paid by the QIBs.
Escrow Bank	ICICI Bank Limited
Floor Price	The floor price for the Issue, as calculated in accordance with Regulation 85 of the ICDR Regulations, is Rs. 21.20 per Equity Share with reference to September 14, 2018, as the Relevant Date. In accordance with the Shareholders' special resolution dated September 29, 2017 and Regulation 85(1) of the ICDR Regulations, the Board may at its absolute discretion, offer a discount of up to 5.00% to the Floor Price.
Issue	The offer and placement of the Equity Shares to QIBs, pursuant to Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules, and Chapter VIII of the ICDR Regulations
Issue Price	₹ [●] per Equity Share, which shall be equal to or more than the Floor Price
Issue Size	The issue of [●] Equity Shares aggregating ₹ 8000.00 Lakhs
Listing Agreement	The agreement entered into between the Company and the Stock Exchanges in relation to listing of the Equity Shares on the Stock Exchanges
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Mutual Fund Portion	10% of the Equity Shares proposed to be Allotted in the Issue, which is available for Allocation to Mutual Funds.
Pay-in Date	The last date specified in the CAN sent to the QIBs
Preliminary Placement Document	The Preliminary Placement Document to be issued in accordance with chapter VIII of the SEBI (ICDR) Regulations
Placement Document	This Placement Document issued in accordance with chapter VIII of the SEBI (ICDR) Regulations
QIBs or Qualified Institutional Buyers	Qualified Institutional Buyers as defined under regulation 2(1)(zd) of the SEBI (ICDR) Regulations
QIP	Qualified Institutions Placement under chapter VIII of the SEBI (ICDR) Regulations
Relevant Date	September 14, 2018, being the date of the meeting in which the Board, decided to open the Issue.

Conventional and General Terms/ Abbreviations

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BOLT	BSE Online Trading
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Civil Code	The Code Of Civil Procedure, 1908, as amended
CIN	Corporate Identity Number
Companies Act	The Companies Act, 2013, as amended
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended

Depository Participant	A depository participant as defined under the Depositories Act
EGM	Extraordinary General Meeting
Eligible FPI	FPIs that are eligible to participate in the Issue and does not include Category III FPIs who are not allowed to participate in the Issue.
EPS	Earnings Per Share
ESOP	Employee Stock Option Plan
ESOS	Employee Stock Option Scheme
ESI	Employees State Insurance
EPF	Employees Provident Fund
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, as amended
FI(s)	Financial Institution(s)
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with the SEBI
Category III FPIs	An FPI registered as a category III foreign portfolio investor under the FPI Regulations
Financial Year/Financial Year/Financial/FY	Period of twelve months ended March 31 of that particular year
FPI(s)	Foreign portfolio investors as defined under the FPI Regulations and Includes a person who has been registered under the FPI Regulations. Any FII who holds a valid certificate of registration is deemed to be an FPI till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
Form PAS-4	The Form PAS-4 prescribed under the PAS Rules
FVCI	A foreign venture capital investor as defined and registered with the SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with the SEBI under the applicable laws in India.
FIPB	Foreign Investment Promotion Board of the Government of India
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI or Government	Government of India, unless otherwise specified
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IEC	Import Export Code
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Indian GAAP	Generally Accepted Accounting Principles in India
IT	Information Technology
IT Act	The Income Tax Act, 1961, as amended
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IND AS	Indian Accounting Standards (IND AS) 101 “First-time Adoption of Indian Accounting Standards” as notified by the Ministry of Corporate Affairs, Government, on February 25, 2011
India	The Republic of India
Indian GAAP	The generally accepted accounting principles followed in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and subsequent amendments thereto.
ISIN	International Securities Identification Number
IT	Information technology
IT Act	The Income Tax Act, 1961
ITAT	Income Tax Appellate Tribunal
Mutual Fund or MF	A mutual fund registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
NAV	Net Asset Value
NRI or Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

Overseas Corporate Body or OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted under FEMA.
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PT	Professional Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
Regulation S/Reg S	Regulation S under the Securities Act
₹ or Rs. or Rupees or INR	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
Securities Act	The United States Securities Act of 1933, as amended
SEBI (ICDR) Regulations/ICDR Regulation	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
Stock Exchanges	BSE Limited ("BSE), National Stock Exchange of India Limited ("NSE"),
STT	Securities Transaction Tax
SEBI (SAST) Regulations/Takeover Code	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
Uniform Listing Agreement	The uniform listing agreement as notified by the SEBI, on October 13, 2015. Our Company has entered into the uniform listing agreement for continuing the listing of its Equity Shares with BSE pursuant to requirements of Regulation 109 of the Listing Regulations.
Unpublished Price Sensitive Information	Unpublished price sensitive information as defined in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
US or U.S. or U.S.A	The United States of America, including its territories and possessions, any state of the United States of America and the District of Columbia
USD or US $ or U.S. Dollars	The lawful currency of the United States of America
VAT	Value Added Tax

Technical/Industry Related Terms

Term	Description
MTPA	Metric Tonnes Per Annum
CPP	Captive Power Plant
JV	Joint Venture
MW	Mega Watt
KVA	Kilo Voltage Ampere

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in Form PAS-4 under the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the relevant pages in this Preliminary Placement Document where these disclosures, to the extent applicable, have been provided.

S. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	Cover Page
b.	Date of incorporation of the company.	Cover Page
c.	Business carried on by the company and its Subsidiary with the details of branches or units, if any.	24
d.	Brief particulars of the management of the company.	90
e.	Names, addresses, DIN and occupations of the directors.	90
f.	Management's perception of risk factors.	64
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	-
(ii)	Debentures and interest thereon;	-
(iii)	Deposits and interest thereon; and	-
(iv)	Loan from any bank or financial institution and interest thereon.	88
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	147
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	August 11, 2017
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	September 29, 2017
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	Equity Shares
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	Yes
e.	Name and address of the valuer who performed valuation of the security offered.	Not Applicable
f.	Amount which the company intends to raise by way of securities.	56
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	106
(ii)	Rate of dividend;	106
(iii)	Rate of interest;	106
(iv)	Mode of payment; and	106
(v)	Repayment.	106
h.	Proposed time schedule for which the offer letter is valid.	60 days
i.	Purposes and objects of the offer.	56
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	Not Applicable
k.	Principle terms of assets charged as security, if applicable.	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	Not Applicable
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter	143

	of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	
c.	Remuneration of directors (during the current year and last three financial years).	142
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	142
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	142
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its Subsidiary. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its Subsidiary.	133
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	133
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of the company in the following manner in a tabular form:	
(i)(a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	61
(b)	Size of the present offer;	61
(c)	Paid up capital:	61
(A)	After the offer;	61
(B)	After conversion of convertible instruments (if applicable); and	61
(d)	Share premium account (before and after the offer).	61
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	61
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	61
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	142
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	63
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	30
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	30
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	30
5.	**A DECLARATION BY THE DIRECTORS THAT**	
a.	The company has complied with the provisions of the Act and the rules made there under.	145
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	146
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	146

	I am authorised by the Board of Directors of the company vide resolution number 5 dated September 12, 2018 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.	

SUMMARY OF BUSINESS

Overview

Kwality Ltd (Kwality) is one of the largest and fastest growing private dairy companies in India. We manufacture and sell a range of dairy products to institutional customers and retail consumers in India, with special focus on the states of Northern India.

The company is progressing well on the defined path of business transformation from B2B to B2C. We are targeting to achieve 70% of the total revenue from B2C segment in the next three years' time.

We manufacture & sell a diverse range of products including fresh dairy products and value-added products to customers comprising of multiple brands like KDIL's Kwality, Dairy Best, Dairy Best Wake-Up, Kream Kountry, LivLite and Meera Premium. All value-added products are sold to retail consumers under the brand name of "KDIL's KWALITY". The product portfolio includes Fresh dairy products & Consumer products like milk, curd, butter milk, Ghee, skimmed milk powder, whole milk powder, dairy whitener and value-added products such as Flavoured Milk, UHT Milk, UHT Cream, Lassi and butter milk.

Company has owned & leased six milk processing facilities in UP, Haryana & Rajasthan and 29 milk chilling centres as on March 31, 2018. The new facility in Softa plant Haryana became operational in February 2017 and is dedicated primarily to the production and manufacture of value added products. The company has aggregate milk processing capacity of 4.3 million litres per day across our owned and leased processing facilities. The new facility at Softa, Haryana has a milk handling capacity of 9 lakh litres per day for the production of value added products such as flavoured milk, UHT milk & Cream, Tetra Pack Lassi, Butter Milk among others. Our direct procurement of milk from farmers is 26% of the total milk purchased and the remainder being sourced from third party aggregators.

We have an extensive sales and retail network of more than 60,000 retail outlets (approximately) spread across Northern India to cater to retail consumers. We undertake several marketing and promotional activities to promote our brands and to increase our sales volumes. Our marketing initiatives include advertising in print and electronic media, promoting our brands through tie-ups and outdoor promotional activities directed at retail consumers. Our products are sold through select modern trade stores and E- commerce platforms like Big Basket and Grofers.

In addition to our domestic sales, we export dairy products to various countries of Asia and Far East Country(s). Our wholly –owned subsidiary, Kwality Dairy Products, FZE located in DUBAI is engaged in the international trade of a variety of milk-based products. We place significant emphasis on quality control and product safety and have obtained quality control certifications and registrations for our facilities and products including ISO 22000:2005, HACCP-IS: 15000 and AGMARK.

Our Strengths:

We believe that the following are our principal strengths:

Differentiated product portfolio

Over the years we have differentiated our product portfolio, catering to institutional customers as well as retail consumers. Our product portfolio sold to institutional customers comprises of dairy-based ingredients, such as skimmed milk powder, whole milk powder, dairy creamers and butter, which are used in the production of milk and food products. We believe we have developed strong relationships with our institutional customers, including multinational and local fast-moving consumer goods manufacturers, leveraging on the quality of our product portfolio and the strength of our manufacturing facilities.

Our product portfolio sold to retail consumers comprises of branded products in the following categories: milk – pouched milk, skimmed milk; Milk Powders – skimmed milk powder, whole milk powder and dairy whiteners; curd and buttermilk; *ghee* – desi *ghee*, cow *ghee*, low cholesterol ghee and bulk butter; and value-added products – UHT milk, flavoured milk and cream tetra-packs. An additional unit at our milk processing facility in Haryana dedicated primarily to the production and manufacture of value-added products, such as flavored milk, UHT milk and cream in tetra-packs became operational in [February, 2017]. We intend to leverage this unit to grow our value-added product portfolio.

Widespread procurement network and established relationships with farmers

Raw Milk is the key raw material for our manufacturing operations and a continued and sustained availability of good quality milk at competitive prices is essential to the growth of our business. We believe that our widespread milk procurement network and our established relationships with farmers and third party aggregators enables us to obtain a regular supply of quality raw milk. Our supply chain comprises of procurement from third-party aggregators, as well as direct procurement from approximately [350,000] farmers through our procurement network. We procure a significant portion of the raw milk required for our operations from certain contract milk suppliers, with whom we are able to negotiate competitive prices. We procured [26] % and [74] %, respectively, of our milk requirements directly from farmers, with the remainder in each period being sourced from third-party aggregators.

Our direct procurement network comprises of village level collection centres, village service providers, automated milk collection units and [29] milk chilling centres, located across 4700 villages in Rajasthan, Haryana and Uttar Pradesh. The automated milk collection units at the village level evaluate the quality of the milk and provide transparency to the pricing of milk purchased by us. Our average daily milk procurement for the financial year 2017-18 was 3.5 million litres per day.

We believe we enjoy good relationships with the farmers from whom we source our milk, which is strengthened by our outreach and education programs. We engage with farmers by educating them on subjects such as cattle breeding, cattle feed, nutrition, medication, cattle insurance and financing, and also provide training on milking, storage and delivery of milk to milk chilling centres as well as organizing animal health camps and providing high quality cattle feed, supplements and medicines. We have instituted a trained team of veterinary doctors in order to offer timely advice for preventive and curative animal health and artificial insemination to our farmers. In addition, to boost the direct milk sourcing program, the company entered a Memorandum of Understanding (MOU) with IDBI Bank Limited, wherein IDBI shall extend credit facilities to medium and large milk producers. IDBI will also support the establishment of Milk Chilling Center's/Milk Processing Units. Also, entered a Memorandum of Understanding (MOU) with Bank of Baroda, wherein the bank would extend credit facilities for small scale dairy farmers, which would enable the farmer(s) to meet the milk requirement. We believe that our regular engagement and welfare initiatives increase loyalty among farmers in our procurement network and enable consistent procurement of quality raw milk for our operations.

Strong brand recall and distribution network in key markets

We manufacture and sell a range of dairy products to institutional customers and retail consumers in India. We sell under multiple brands viz 'KDIL's Kwality', 'Dairy Best', 'Kream Kountry', 'Dairy Best Wake Up', LivLite and 'Meera Premium', which we believe are well recognized and the same have been developed to cater to consumers across sections of the market for dairy based food and beverage products. We also believe that the strength of our brands helps us in many aspects of our business, including expanding to new markets and our exports business, entering into agreements with distributors and retailers and building relationships with our customers, investors and lenders.

In order to boost the market penetration, we utilize general trade channels that include smaller retail stores, together with certain online platforms for our sales. We have an extensive sales and distribution network, which covers 60K plus retail outlets spread across select states in North India. We undertake several marketing and promotional activities to promote our brands and increase our sales volumes. Our marketing initiatives include advertising in the print and electronic media, promoting our brands through tie-ups and outdoor promotional activities directed at retail consumers. We believe our strong brand presence and extensive sales and distribution network in the NCR, Rajasthan, Uttar Pradesh and Haryana enable us to cater to diverse customer requirements and grow our business effectively.

Modern production facilities with emphasis on quality

We own and operate two milk processing facilities, one in Uttar Pradesh and the other in Haryana. In addition, we utilize four milk processing facilities, with one located in Rajasthan and three located in Uttar Pradesh, on a leasehold basis. We have an aggregate milk processing capacity of 4.3 million litres per day as on 31st March, 2018, across our owned and leased processing facilities. We endeavour to implement high quality standards at our milk processing facilities and are committed to ensuring consumer safety at all stages of our procurement, processing and production cycle.

We have a unit dedicated primarily to the production and manufacture of value-added products, with a capacity of 0.9 million litres per day, at our milk processing facility in Haryana. This unit is highly automated and equipped with modern machinery and quality control systems and includes a research and development and testing laboratory. In addition, we have implemented several systems and processes across our operations that assist us in monitoring and controlling quality in our product life-cycle, such as daily quality indexing, food safety certifications, quality audits, vendor quality improvement programs, trials and new product quality assessments are implemented across our business operations. Further, we have some dedicated internal quality control team members. This team is responsible for ensuring compliance with good manufacturing practice guidelines in India.

We have licences(s) for manufacturing of Milk and Milk products under Food Safety and Standard Act, 2006 read with Regulations, 2011 for our manufacturing units located at Haryana, U.P and Rajasthan, including certification from AGMARK for *Ghee* manufacturing and BIS certifiaction for *Skimmed Milk Powder, Whole Milk Powder*. We regularly test our products for shelf life, longevity and overall quality under a wide range of environmental conditions. In order to produce and process quality milk products at international standards, our standards for food safety are based on codex standards for hazard analysis and critical control points ("**HACCP**") to ensure safe and quality products for consumers and also, we have obtained ISO 22000:2005 and HACCP-IS:15000 certifications.]

Experienced Management team

Our Company has an experienced management team. The team has demonstrated ability to manage and grow our operations organically in our key geographical areas. Further, we believe that the managements experience has played a crucial role in the growth and development of our business. Their experience has helped us develop relationships with our vendors including farmers for the procurement of milk, institutional customers and our dealers and distributors. In addition, our Promoter and key managerial personnel have enabled us to develop an optimized procurement model and an extensive marketing and sales network. We believe that our management team of qualified and experienced professionals enables us to identify new avenues of growth and helps us to implement our business strategies in an efficient manner and to continue to enhance our product offerings.

Grow our value-added product portfolio

We intend to focus on research and development to distinguish ourselves from our competitors and to enable us to introduce new value-added products based on consumer preferences and demand. We regularly assess consumer demand, evolving market preferences and medical and nutritional aspects of products in order to evaluate the feasibility of potential and new product introductions. We have established a unit at our milk processing facility in Haryana dedicated primarily to the production and manufacture of value-added products such as flavored milk, UHT milk, cream in tetra-packs. This unit includes a modern research, development and testing laboratory. We intend to increase the share of our value-added product portfolio, which we believe offers us higher profit margins, by leveraging our milk processing capabilities at our unit in Haryana.

Further, we intend to focus on the increasing need for health and specialty products, by expanding our product portfolio to include such products. We launched flavored milk under our "KDIL's Kwality" brand with flavored variants, which is fortified with vitamin A and vitamin D and also launched long shelf products range in TETRA Pack Milk, Cream, Lassi & buttermilk over the year. We intend to utilize our existing distribution and supply network, and add alternate channels, in order to effectively distribute our value-added products to target retail consumers. We intend to leverage our existing brand recognition and consumer loyalty in key geographical regions and with retail consumers in such regions, in order to increase sales of our value-added products. Further, as part of our growth strategy, we intend to continue to invest in increasing our manufacturing capacities for our existing value-added products as well as enhance manufacturing capabilities for new products, particularly high margin products.

Increase sales to retail consumers

Revenue from sales to institutional customers have historically formed a higher portion of our total revenues than sales to retail consumers. Revenue from sales to retail consumers constitutes 42% for financial years 2017-18 and 40% for financial years 2016-17 respectively. We intend to continue to focus on growing our retail products business and enhance our distribution network with an emphasis on modern trade channels such as super-markets and hyper-markets as well as concept stores, home delivery agent networks, online platforms and hyper-local online delivery services, which are targeted at retail consumers.

Further, we believe that increased brand recognition is a critical sales driver in the competitive dairy industry. We intend to continue to enhance the brand recall of our products through strategic branding initiatives, including through the use of film, television, radio and social media as well as through consumer engagement programs. The advertisement and brand building expenses towards advertising and marketing initiatives were with a view to increase brand recall and capture the demand from the retail segment. As part of our brand positioning initiatives, we have from time to time engaged renowned celebrities from the Indian film industry to act as brand ambassadors for our products. We have also engaged reputed agencies to develop advertisements, to manage public relations and social marketing and to undertake extensive consumer and market research, in order to gauge the various aspects of a product and plan our marketing campaigns. We intend to continue our brand building measures by introducing strategic marketing initiatives and consumer engagement programs in the future. We also intend to target retail consumers in new markets and geographies in India, leveraging our brand recognition.

Increase direct milk procurement

We require raw milk for all our manufacturing operations, which we procure from third-party aggregators as well as direct procurement from farmers through our procurement network. As we continue to evolve our product portfolio and introduce a variety of value-added products, it is critical for us to ensure consistent quality and taste. Over the years, we have endeavored to increase the supply of milk directly from farmers through our procurement network. For the financial year 2015, direct supply from farmers constituted [12] % of our total milk requirements, with third-party aggregators providing the remainder; while, during the year 2017-18 we procured [26] % and [74] %, respectively, of our milk requirements directly from farmers, with the remainder in each period being sourced from third-party aggregators. We believe direct procurement from farmers allows to obtain fresher and better-quality milk for our manufacturing operations.

We intend to expand our direct procurement network by adding village level collection centres, automated milk collection units and milk chilling centres in Rajasthan, Haryana and Uttar Pradesh. In order to enhance our association with farmers, we intend to continue undertaking various initiatives and providing incentives, including veterinarian support, subsidized animal feed, annual vaccinations and outreach and education programs, together with financial support programs, such as our memorandum of understanding entered into with the Bank of Baroda for the provision of loans to farmers.

Improve operational efficiencies

We intend to continue to increase our operational efficiencies to strengthen our competitive position through the following measures, among others:

- Continous adoption of best practices in line with international standards across our production facilities, drawing on our management's expertise and experience, in order to reduce our operating costs at our production facilities;
- Continue to leverage our technological and research and development capabilities to effectively manage our operations, maintain strict operational controls and enhance quality levels;
- Implement energy saving initiatives that are both cost-efficient and environmentally friendly and identify focus areas for reducing energy and water consumption per liter of milk processed, reducing milk and solid wastage and decreasing emission levels, as part of environmental, health safety and energy certifications]
- Invest in our in-house technology capabilities to develop customized systems and processes to achieve higher efficiencies; and
- Improve staff productivity and efficiency to reduce payroll costs through the use of new technology, streamlined management systems, comprehensive training and performance-linked compensation.

DESCRIPTION OF OUR BUSINESS

Our Business and Operations

Our Product Portfolio
We manufacture and sell a diverse range of dairy products to institutional customers as well as under various brands to retail consumers. Revenue from sales to institutional customers have historically formed a higher portion of our total revenues than sales to retail consumers. However, we have endeavoured to grow our sales to retail consumers in recent years.

Products sold to institutional customers

Our product portfolio sold to institutional customers comprises of dairy-based ingredients, such as skimmed milk powder, whole milk powder, dairy creamers and butter, which are used in the production of milk and food products such as dairy creamers, skimmed milk powder, whole milk powder, Bulk Ghee and which are used as raw material for manufacture of biscuits and ice-cream, chocolates by our institutional customers. Institutional consumers sell the finished product under their own brands.

Strengths

Our Strengths

- One of the largest and fast growing among private dairy product(s) companies in India.
- Logistics advantages to its processing plants are located in high milk producing states of UP, Haryana and Rajasthan (ca. 35% of India's milk production), while its consumption markets are predominantly located in North India (ca. 50% of India's total demand)
- Steady transition from a low-margin B2B model to a relative-ly higher-margin B2C model.
- With a strong brand and marketing activities, sales will increase without any hurdle.
- The biggest strength of dealer-distributor network plays very important role in this segment.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue:

Issuer	Kwality Limited	
Issue Size	[●] Equity Shares of face value of ₹ 1/- each, aggregating ₹ 8000.00 Lakhs. A minimum of 10 per cent of the Issue Size i.e. at least [●] Equity Shares shall be available for Allocation to Mutual Funds only, and the remaining [●] Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other QIBs.	
Issue Price	₹ [●] per Equity Share	
Eligible Investors	QIBs as defined in Regulations 2(1)(zd) of the SEBI (ICDR) Regulations. Please see section entitled "Issue Procedure— Qualified Institutional Buyers"	
Equity Shares issued and outstanding immediately prior to the Issue	241354382 equity shares of ₹1 each.	
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares	
Listing	The Company has made application to the Stock Exchange to obtain in-principle approval for the listing of the Equity Shares issued pursuant to the Issue, on the Stock Exchange	
Transferability Restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the recognized Stock Exchanges	
Use of Proceeds	The net proceeds of the Issue, after deduction of fees, commissions and expenses, are expected to total approximately ₹ [●] Lakhs. Please see the section entitled "Use of Proceeds" appearing on page no. 56 of this Preliminary Placement Document.	
Risk factors	Please see the section entitled "Risk Factors" appearing on page no. 37 of this Preliminary Placement Document for a discussion of risks that you should consider before deciding whether to buy the Equity Shares.	
Closing Date	The Allotment of the Shares offered pursuant to this Issue is expected to be made on or about [●].	
Ranking	The Equity Shares being issued shall be subject to the provisions of the Company's Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Closing Date, in compliance with the Companies Act. The shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held. Please see the section entitled "Description of the Shares" appearing on page no. 124 of this Preliminary Placement Document.	
Security Codes for the Equity Shares	**ISIN**	INE775B01025
	BSE Code	531882
	NSE Code	KWALITY

SUMMARY OF FINANCIAL INFORMATION

SUMMARY FINANCIAL INFORMATION

Our Company publishes its financial statements in Indian Rupees. Prior to April 1, 2016, we prepared our financial statements in accordance with the accounting principles generally accepted in India ("Indian GAAP"), prescribed by the Institute of Chartered Accountants of India ("ICAI"), the Companies Act, 1956, the Companies Act, 2013, Accounting Standards notified under the Companies Act and the requirements of the SEBI Listing Regulations, each as applicable. With effect from April 1, 2016, we adopted Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with the rules made thereunder and, accordingly, our financial statements as of and for the years ended March 31, 2018 and March 31, 2017 have been prepared in accordance with Ind AS and the Companies Act (the "Ind AS Audited Consolidated Financial Statements"). Our financial statements as of and for the year ended March 31, 2016 have been prepared in accordance with Indian GAAP and restated in accordance with Ind AS for comparative information and presented in the Ind AS Audited Consolidated Financial Statements for the year ended March 31, 2017.

The financial statements for the financial years ended March 31, 2018 and March 31, 2017, prepared under Ind AS, and the financial statements for the year ended March 31, 2016, restated in accordance with Ind AS for comparative information, are not comparable with financial statements prepared for prior periods in accordance with Indian GAAP.

The audited financial statements as at and for the year ended March 31, 2018 have been audited by M/s MSKA & Associates, Chartered Accountants, while the audited financial statements as at and for the years ended March 31, 2017 and March 31, 2016 have been audited by our previous statutory auditors, M/s. P. P. Mukerjee & Associates, Chartered Accountants.

Our Company does not quantify the impact of U.S. GAAP or International Financial Reporting Standards ("IFRS") on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its financial statements to U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differ in certain significant respects from Ind AS or Indian GAAP, as applicable. Accordingly, the degree to which the Standalone and consolidated financial statements prepared in accordance with Ind AS or Indian GAAP included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

There are significant differences between Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Preliminary Placement Document and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Ind AS. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited

The financial information relating to our Company herein have been converted from crore, lakh or thousands, as the case may be, into millions and shown to the nearest two decimal places. References to "lakh" and "crore" in this Preliminary Placement Document are to the following:

- One Million represents 10,00,000
- One lakh represents 100,000 (one hundred thousand);and
- One crore represents 10,000,000 (ten million).

In this Preliminary Placement Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The Financial Year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year. Unless otherwise stated, references in this Preliminary Placement Document to a particular year are to the calendar year ended on December 31, and to a particular "Financial" or "Financial Year" or "FY" or "Fiscal" or "Fiscal Year" are to the twelve month period ended on March 31 of that year.

Summary of Statement of Profit and Loss (on a Standalone basis)

(₹ in Lakhs)

Particulars	**For the year ended March 31, 2018 (Ind AS) (Audited)**	**For the year ended March 31, 2017 (Ind AS) (Audited)**	**For the year ended March 31, 2016 (Ind AS) (Audited)**
	(₹ in Lakhs)	**(₹ in Lakhs)**	**(₹ in Lakhs)**
Revenue:			
Revenue from operations	672487.64	613126.55	565827.27
Other income	1300.95	1330.66	2941.94
Total Revenue	**673788.59**	**614457.21**	**568769.21**
Expenses:			
(a) Cost of materials consumed	519066.04	490087.73	372393.27
(b) Purchase of stock-in-trade	66224.95	77688.71	131527.72
(c) Changes in inventories of finished goods, work-in-process and scrap	11878.86	(16714.68)	12542.40
(d) Employee benefits expense	5794.13	3785.43	3582.51
(e) Finance Cost	23318.30	16990.27	14831.76
(f) Depreciation and amortization expense	12555.96	2171.39	2283.48
(g) Excise Duty	2.31	4.00	0.16
(h) Other expenses	20536.61	17073.79	11103.74
Total Expenses	**659377.16**	**591086.64**	**548265.04**
Profit /(Loss) before Tax	**14411.43**	**23370.57**	**20504.17**
Tax Expense			
- Current tax	6372.62	6602.36	8106.91
- Deferred tax charge/(Credit)	927.71	338.15	(1064.45)
Total tax expenses/(credit)	**7300.33**	**6940.51**	**7042.46**
Net Profit/(Loss) for the period after tax	**7111.10**	**16430.06**	**13461.71**
Share in profit/(loss) of Associates (Net of tax)	-	-	
Total Profit/(Loss)	**7111.10**	**16430.06**	**13461.71**
Other Comprehensive income(OCI):			
(a) Items that will not be reclassified to profit or Loss	(34.81)	(2.40)	16.91
(b) Income Tax relating to Items that will not be reclassified to profit or loss	12.05	0.84	-
Total other comprehensive Income	**(22.76)**	**(1.56)**	**16.91**
Total Comprehensive Income	**7088.34**	**16428.50**	**13478.62**
Earning per Shares of Rs. 1/- each			
(a) Basic (₹)	2.97	6.97	6.15

(b) Diluted (₹)	2.96	6.94	6.00
Paid-up Equity Share Capital (face value of ₹ 1 per equity share)	2413.54	2373.56	2239.12
Other Equity	109211.24	97479.37	74066.30

Summary of Balance Sheet (on a standalone basis)

(₹ in Lakhs)

Particulars	**For the year ended March 31, 2018 (Ind AS) (Audited)**	**For the year ended March 31, 2017 (Ind AS) (Audited)**	**For the year ended March 31, 2016 (Ind AS) (Audited)**
	(₹ in Lakhs)	**(₹ in Lakhs)**	**(₹ in Lakhs)**
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	45869.38	42981.57	6388.15
(b) Capital work-in-progress	5627.64	662.15	19406.44
(c) Intangible Assets	131.04	134.22	138.68
(d) Financial Assets			
(i) Investments	1918.41	1902.75	1902.75
(ii) Loans	79.29	68.89	50.69
(iv) Other Financial Assets	139.77	264.15	72.58
(e) Deferred tax assets (net)	-	822.67	2571.64
(f) Other non-current assets	13878.87	27167.44	16442.01
	67644.40	**74003.84**	**46972.94**
Current assets			
(a) Inventories	21013.23	31091.85	14260.64
(b) Financial Assets			
(i) Trade receivables	170081.33	137347.48	141918.55
(ii) Cash and cash equivalents	6234.48	8028.29	3330.98
(iii) Other Bank balances	1853.20	632.38	2107.23
(iv) Loans	48.36	26.67	80.86
(v) Other Financial Assets	670.97	488.79	-
(c) Other current assets	51843.48	22923.78	17418.00
	251745.05	**200539.24**	**179116.26**
Total assets	**319389.45**	**274543.08**	**226089.20**
EQUITY AND LIABILITIES			
Equity			

(a) Equity share capital	2,413.54	2373.56	2239.12
(b) Other equity	1,09,211.24	97479.37	74066.30
	1,11,624.78	**99852.93**	**76305.42**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	46,549.98	49999.61	25168.09
(ii) Other financial liabilities	350.72	1027.56	-
(iii) Other Non Current Liabilities	482.02		
(b) Provisions	413.91	270.24	183.22
(c) Deferred Tax Liabilities	92.99		
	47,889.62	**51297.41**	**25351.31**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,04,897.40	93694.30	103286.19
(ii) Trade payables	13,029.24	9115.93	3933.59
(iii) Other financial liabilities	23,045.26	9520.39	6554.65
(b) Other current liabilities	875.07	1244.52	6142.12
(c) Provision	98.99	35.42	89.86
(d) Current tax liabilities (net)	17,929.09	9782.18	4426.06
	1,59,875.05	**123392.74**	**124432.47**
Total Equity and Liabilities	**3,19,389.45**	**274543.08**	**226089.20**

Summary of Cash Flow Statement (on a standalone basis)

(₹ in Lakhs)

	Particulars	For the year ended March 31,2018	For the year ended March 31,2017	For the year ended March 31,2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax	14,411.43	23,370.57	20,504.17
	Adjustments for:			
	Depreciation and amortisation expense	12,555.96	2,171.39	2,283.48
	Loss/ (gain) on disposal of fixed assets (net)	90.36	(15.85)	5.69

	Interest income	(80.60)	(205.49)	(223.37)
	Unrealised foreign exchange fluctuation (net)	(172.97)	299.52	471.22
	Finance costs	23,318.30	16,990.27	14,831.76
	Share based payment expense	1,622.52	384.58	916.67
	Provision for doubtful advances/receivables	400.00	-	-
	Movement in provision for employee benefits	172.44	237.33	83.27
	Release of derivative liability redeemable debentures	(676.84)	-	-
	Finance income on compulsorily convertible debentures	(146.79)	-	-
	Derivative liability expense	-	700.63	-
	Operating profit before working capital changes	**51,493.81**	**43,932.95**	**38,872.89**
	Movement in working capital			
	Decrease/(Increase) in non - current loans	(10.40)	(18.55)	-
	Decrease/(Increase) in current loans	(21.69)	-	10.96
	Decrease/(Increase) in inventories	10,078.62	(16,831.21)	12,197.22
	Decrease/(Increase) in other financial assets	124.38	1,474.85	(1,026.59)
	Decrease/(Increase) in other non - current assets	(8,721.32)	(5,921.82)	(12,094.20)
	Decrease/(Increase) in other current assets	(16,918.29)	(2,932.52)	(5,356.66)
	Decrease/(Increase) in other current liabilities	(493.01)	-	
	Decrease/(Increase) in trade receivables	(32,934.77)	3,833.14	(27,254.08)
	(Decrease)/Increase in other financial liabilities	128.66	296.61	(1,006.34)
	(Decrease)/Increase in other liabilities	-	(207.70)	1,962.00
	(Decrease)/Increase in trade and other payables	3,914.65	4,740.64	(1,180.25)

	Change in Working Capital	**(44,853.17)**	**(15,566.56)**	**(33,747.95)**
	Cash flow from operating activities post working capital changes	**6,640.64**	**28,366.39**	**5,124.94**
	Income tax paid (net)	(1,096.05)	(4,523.16)	(4,254.46)
	Net cash flow from operating activities (A)	**5,544.59**	**23,843.23**	**870.48**
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of fixed assets (Including capital work in progress)	(9662.70)	(27510.93)	(10172.97)
	Proceeds from sale/disposal of fixed assets	17.42	61.62	19.86
	Purchase of intangible assets	(22.12)	(16.88)	(160.46)
	Purchase of current and non-current investments	(15.66)	(18.20)	0.21
	Movement in fixed deposits (net)	(1,220.82)	(191.57)	94.78
	Interest received	80.60	205.49	223.37
	Net cash flows used in investing activities (B)	**(10,823.28)**	**(27,470.47)**	**(9,995.21)**
	CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from issue of capital (including securities premium and share application money)	1947.39	7,643.57	2,500.00
	Proceeds from long-term borrowings (net)	9042.88	26,796.17	14,453.65
	Proceeds/ (Repayment) of short-term borrowings (net)	11203.11	(9,591.89)	9,279.51
	Finance cost paid	(18,412.80)	(16,239.15)	(14,708.93)
	Movement in retained earnings	-	-	(608.09)
	Dividend paid (including tax)	(295.70)	(284.15)	(263.26)
	Net cash flow from financing activities (C)	**3,484.88**	**8,324.55**	**10,652.88**

	(Decrease)/ Increase in cash and cash equivalents (A+B+C)	(1,793.81)	4,697.31	1,528.16
	Cash and cash equivalents at the beginning of the year	8,028.29	3,330.98	1,802.82
	Cash and cash equivalents at the end of the year	**6,234.48**	**8,028.29**	**3,330.98**

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors together with all other information set forth in this Preliminary Placement Document before making an investment in our Equity Shares. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, prospects, results of operations, cash flows and financial condition. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussions and Analysis of our Financial Condition and Results of Operations" on pages 78, 74and 64 respectively, as well as the financial, statistical and other information contained in this Preliminary Placement Document. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Preliminary Placement Document also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Preliminary Placement Document. Please refer to "Forward-Looking Statements" on page 14. Unless otherwise stated, all financial information of our Company used in this section has been derived from the Standalone Financial Statements. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

Risk relating to our business

1. ***Legal proceedings have been initiated against our Company, Promoter, and Subsidiary Company. Any adverse developments in any or all of such litigations could adversely affect our business, reputation, financial condition and results of operations.***

We, our Promoter, and our Subsidiary are involved in various legal proceedings including *criminal proceedings* in the ordinary course of our business. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities. These legal proceedings may not be decided in our favor and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, liquidity, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares.

For further details of the legal proceedings which materially affect our financial condition and results of operations, please refer to "*Legal Proceedings*" on page 133.

2. ***We have high working capital requirements. If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, there may be an adverse effect on our results of operations.***

Our business requires a significant amount of working capital and financing. Based on our Standalone Financial Statements for the year ended 31st March 2018, the total fund based and non-fund based credit facilities were to the extent of Rs. 1014.05 Crores and Rs. 9.93 Crores respectively. Moreover, we may need to incur additional indebtedness in the future to satisfy our additional working capital needs. The inability of our Company to obtain such financing, in a timely manner, on commercially favorable terms to us, or at all may impair our business, results of operations, financial condition and prospects.

3. ***Our indebtedness and the conditions and restrictions imposed by our financing agreements could adversely affect our ability to conduct our business and operations.***

As of March 31, 2018, on standalone basis, we had total borrowings (including current maturities of long-term debts) of Rs. 1698.75 Crore. In addition, we may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

A portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements.

Our ability to obtain additional financing in the future on reasonable terms may be restricted. Any adverse fluctuations in market interest rates may affect the cost of our borrowings, as some of our indebtedness is at variable interest rates. There could be a material adverse effect on our business, financial condition and results of operations, if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements. Some of our financing agreements include conditions and covenants that require us to obtain lender consents, prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business. Typically, we require, and may be unable to obtain lender consents to incur additional secured debt, issue equity, change our capital structure, undertake any major expansion, change our management structure or merge with or acquire other companies, whether or not there is any failure by us to comply with the other terms of such agreements.

Under certain of our financing agreements, for example we are required, but may be unable to obtain lender consents for, among others, the following matters:

- to effect any change in the capital structure;
- to declare and/ or pay dividend to shareholders;
- to undertake or permit any merger, amalgamation or compromise with our shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- incurring major capital expenditure or incurring capital expenditure which is not in the ordinary course of business;
- to create or permit any charges or lien, or dispose of any encumbered assets; and
- to change the ownership pattern or management.

Under certain of our financing agreements, the lenders may accelerate our loan repayments or demand immediate repayment if we fail to maintain some of our financial parameters as per the agreements. Furthermore, our lenders may recall certain short-term demand loans availed by us at any time.

We believe that our relationships with our lenders are satisfactory, and we have in the past obtained consents from them to undertake various actions. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, and may adversely affect our ability to conduct our business and operations or implement our business plans.

4. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, financial condition and cash flows.

Our business depends on our estimate of the long term demand for our various products. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. At times when we have overestimated demand, we may have incurred costs to build capacity or purchased more raw materials and manufactured more products than required. Further, the number of purchase orders that our customers place with us differ from quarter to quarter, which has caused our revenues, results of operations and cash flows to fluctuate in the past and we expect this trend to occasionally continue in the future. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

5. ***We have not entered into agreement(s) with some of our suppliers of milk and an increase in the cost of or a shortfall in the availability of milk could have an adverse effect on our business, results of operations and financial condition.***

Our manufacturing operations are dependent on a steady supply of a good quality raw milk, which is the primary raw material used in our manufacturing operations. Our average daily milk procurement for the financial year 2017-18 was around 3.5 million liters. Our supply chain comprises of procurement from third-party aggregators, as well as direct procurement from approximately 350,000 farmers through our procurement network, located across 4700 villages in Rajasthan, Haryana and Uttar Pradesh. We have not entered into formal arrangement(s) or contract(s) with some of the third-party parties, aggregator(s) or the farmer(s) from whom we procure milk. Since we have no formal arrangement(s) with some third-party aggregator(s) and milk farmer(s) and they are not contractually obligated to supply their milk to us and may choose to sell their milk to our competitor(s). Further, the amount of milk procured and the price at which we procure milk, may fluctuate from time to time.

In addition, the availability and price of raw milk is subject to a number of factors beyond our control, including seasonal, environmental factors, general health of cattle in India and changes in government policies and regulations, including those relating to the use or ownership of agricultural land and regulating the dairy industry in general. For example, the volume and quality of milk produced by cattle is dependent upon the quality of nourishment provided and may be adversely affected during periods of extreme weather. Any disease or epidemic affecting the health of cattle in India, particularly within our procurement regions, may significantly affect our ability to procure adequate amounts of raw milk.

We cannot assure you that we will always be able to meet our raw milk requirements at prices acceptable to us, or at all, or that we will be able to pass on any increase in the cost of raw milk to our customers. Any inability on our part to procure sufficient quantities of raw milk, on commercially acceptable terms, may lead to a decline in our production and sales volumes and value and have an adverse effect on our business, results of operations and financial condition.

6. ***Any actual or alleged contamination or deterioration of our products or any negative publicity or media reports related to our products or our raw materials could result in legal liability, damage our reputation and adversely affect our business prospects and consequently our financial performance.***

Since milk is a perishable product, we are subject to risks affecting the dairy industry, including risks posed by the contamination/ spoilage of milk, consumer product liability claims, product tampering, product labelling errors, and other adulteration of our products. Any actual or alleged contamination or deterioration of our products, whether deliberate or accidental, could result in legal liability, damage to our reputation and may adversely affect our business prospects and consequently our financial performance. The risk of contamination or deterioration exists at each stage of the production cycle, including during the production, storage and delivery of raw materials, packaging, storage and delivery to our customers and the storage and shelving of our products by our distributors, institutional customers and retailers until final consumption. While we follow stringent quality control processes and quality standards at each stage of the production cycle, there can be no assurance that our products will not be contaminated or suffer deterioration. Further, there can be no assurance that contamination of our raw materials or products will not occur during the transportation, production, distribution and sales processes due to reasons unknown to us or beyond our control. If our products or raw materials are found to be spoilt, contaminated, tampered with, incorrectly labelled or reported to be associated with any such incidents, we may be forced to recall our products from the market and we could incur criminal or civil liability for any damage resulting from consumption of such products. We generate majority of our sales from institutional customers and if the end products manufactured by those customers are found to be contaminated on account of our product, our customers may return our goods, terminate their relationships with us and initiate legal proceedings against us. Any such event may have a material adverse effect on our reputation, business, financial condition, cash flows, results of operations and prospects could be materially and adversely affected.

7. ***Our Company is dependent on third party transportation for the delivery of raw materials/ finished product and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.***

Milk and dairy based food and beverage products are perishable in nature and are required to be transported in temperature controlled vehicles to ensure their preservation. We rely on third party logistic providers, with whom we have no formal arrangements] to transport milk to our production facilities and our finished products to institutional customers, distributors and a large number of retail outlets. There are a limited number of such logistic providers and in the absence of a formal arrangement, we are exposed to fluctuations in transportation costs. If the terms offered to such logistic providers by our competitors or other companies are more favorable than those offered by us, they may decline to provide their services to us and terminate their arrangements with us. We may also be affected by transport strikes, which may affect our delivery schedules. If we are unable to secure alternate transport arrangements in a timely manner and at an acceptable cost, or at all, our business, results of operations and financial condition may be adversely affected.

These transportation facilities may not be adequate to support our existing and future operations. In addition, raw materials / finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delays in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in road infrastructure and port facilities, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

8. ***Any disruption in our manufacturing operations or at our processing facilities may have an adverse effect on our business, results of operations and financial condition.***

We own and operate two milk processing facilities, one in Uttar Pradesh and the other in Haryana. In addition, we utilize four milk processing facilities, one located in Rajasthan and three located in Uttar Pradesh, on a leasehold basis. Our milk processing facilities are subject to various operating risks, including some which are beyond our control, such as the breakdown and failure of equipment, industrial accidents, employee unrest, severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail substantial repair and maintenance costs and disrupt our operations. Milk, which is our primary raw material, is a perishable product, and consequently any suspension or slowdown of our operations may adversely affect the quality of raw materials stored with us and render them unusable.

Although we have not experienced any significant disruptions at our processing facilities in the past, we cannot assure you that there will not be any such disruptions in our operations in the future. Our inability to effectively respond to such events and rectify disruptions in a timely manner and at an acceptable cost, may lead to the slowdown or suspension of our manufacturing operations, which in turn may have an adverse effect on our business, results of operations and financial condition.

9. ***Our inability to expand or effectively manage our growing distribution network may have an adverse effect on our business, results of operations and financial condition.***

We have an extensive sales and distribution network, which covers around 60000 retail outlet(s), primarily spread across State of Rajasthan, Uttar Pradesh, Haryana and the National Capital Region. We utilize modern trade channels, which comprise super-markets and hyper-markets and general trade channels that include smaller retail stores together with certain online platforms for our sales, and our ability to expand and grow our sales to retail consumers significantly depends on the reach and effective management of our distribution network.

We also appoint new distributors from time to time in order to increase the penetration of our products. We cannot assure you that we will be able to successfully identify or appoint new distributors or effectively manage our existing distribution network. If the terms offered to such distributors by our competitors are more favorable than those offered by us, distributors may decline to distribute our products. We may be unable to appoint replacement distributor(s) in a timely fashion, or at all, which may reduce sales volume for our products sold and adversely affect our business, results of operations and financial condition.

Further, our competitors may have exclusive arrangements with certain distributors, who may be unable to stock and distribute our products, which in turn may limit our ability to expand our distribution network. While we offer our distributors certain incentives to distribute our products we cannot assure you that we will be able to retain our distributors. We may also face disruptions in the delivery of our products for various reasons beyond our control, including poor handling of our products by distributors, transportation bottlenecks, natural disasters and labour issues, which could lead to delayed or lost deliveries. If our distributors fail to distribute our products in a timely manner, or adhere to the terms of their distribution agreements, or if our distribution agreements are terminated, our business and results of operations may be adversely affected.

10. ***Our processing facilities, procurement operations and a significant portion of our distribution network are concentrated in a few regions in India and any adverse developments affecting these regions could have an adverse effect on our business, results of operations and financial condition.***

Our six owned and leased processing facilities are located in the states of Uttar Pradesh, Haryana and Rajasthan and our procurement network is located across in these three states. Most of our operations, including our supply infrastructure, facilities and distribution network are currently concentrated in these regions, and any significant social, political or economic disruption, or natural calamities or civil disruptions in these regions, or changes in governmental policies, may require us to incur significant capital expenditure and change the way in which we conduct business, which may have an adverse effect on our business, results of operations and financial condition.

11. ***The dairy products business in India is evolving rapidly and is highly competitive and an inability to compete effectively with established and new competitors may adversely affect our growth prospects, results of operations and financial condition.***

Demand and supply dynamics are always active in perishable items. The dairy products industry in India is highly competitive, especially the markets for pasteurized milk, skimmed milk etc. These products are experiencing rapid development and increasing competition. We currently compete, and in the future will continue to compete, with large players, as well as regional and local companies in each of the regions in which we operate. Further, the Indian dairy market has historically been dominated by the unorganized sector, which comprises traditional milkmen and vendors. We also compete with large dairy cooperatives that also procure milk from farmers in the regions where we procure milk, and any incentives offered by the Central or State Government to such cooperatives, could benefit such entities, which may in turn adversely affect our business. Further, we cannot assure you that we will be able to retain our existing institutional customers or we cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our business and results of operations will not be adversely affected by increased competition.

12. ***We may not be able to sustain effective implementation of our business and growth strategy.***

The success of our business will largely depend on our ability to effectively implement our business and growth strategy. In the past we have generally been successful in execution of our business but there can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. If we are unable to implement our business and growth strategy, this may have an adverse effect on our business, financial condition and results of operations.

13. Certain of our processing facilities are utilized by us on a leasehold basis. If we are unable to comply with the terms of the leases, renew our agreements or enter into new agreements on favorable terms, or at all, our business, results of operations and financial condition may be adversely affected.

We utilize four milk processing facilities, with one located in Rajasthan and three located in Uttar Pradesh, on a leasehold basis. We cannot assure you that we will be able to fully comply with all the terms of the lease deeds which we have entered into in relation to such processing facilities, renew such agreements or enter into new agreements in the future, on terms favorable to us, or at all.

In the event that any lease deed for our processing facilities is terminated due to our non-compliance with its terms, or not renewed, we will be unable to utilize such processing facilities and we may be unable to benefit from the existing capital expenditure and investments made by us in such processing facilities. Further, we may be required to expend time and financial resources to locate suitable land or processing facilities to set up alternate processing capacity. We may also be unable to relocate to an alternate processing facilities in a timely manner, or at all.

In the event a lease deed is terminated prior to its tenure, or if it is not renewed, or if we are required to cease business operations at a processing facility, for any reason whatsoever, our business, financial condition and results of operations may be adversely affected. Further, if the vacated processing facility is leased or sold to a competitor, we may also face increased competition in that geographic area, which could adversely affect our market share.

14. The supply of raw milk is subject to seasonal factors, and our revenues and expenditures may vary during a financial year.

The supply of raw milk is subject to seasonal factors. Cattle generally produce more milk in temperate weather, and extreme cold or hot weather could lead to lower than expected production. Our raw milk procurement and production is therefore higher in the second half of the financial year during the winter months with temperate climate in our milk procurement region. Similarly the demand for our products, particularly is higher in the second half of the financial year and the demand for ghee is higher during festive seasons. As a result, comparisons of our sales and operating results over different quarterly periods during the same financial year may not necessarily be meaningful and should not be relied upon as accurate indicators of our performance.

15. If we are unable to grow our valued added products business or anticipate or respond to changing consumer preferences in a timely and effective manner, the demand for our products may decline, which may have an adverse effect on our business, results of operations and financial condition.

We seek to develop our research and development capabilities to distinguish ourselves from our competitors to enable us to introduce new products and different variant of our existing products, based on consumer preferences and demand. For example, our new milk processing facility at Haryana became operational in February, 2017 and is dedicated primarily to the production and manufacture of value-added products and we have commenced the manufacture and sale of value-added products such as Flavored Milk, UHT milk, Cream in tetra-packs etc.

Further, we intend to focus on health and specialty products by expanding our product portfolio to include such products. We launched flavored milk under our 'KDIL's Kwality' brand in FY 2018, which is fortified with vitamin A and vitamin D and also launched long shelf life ambient products – TETRA pack milk, cream, lassi and butter milk. However, we cannot assure you that our current portfolio of value added products and any new products we launch, will be accepted by our retail consumer(s) or that we will be able to recover costs we incurred in developing such product(s) or that our new products will be successful. If the products that we launch are not as successful as we anticipate, our business, results of operations and financial condition may be adversely affected. In addition, although we seek to identify trends in the industry and introduce new products, we cannot assure you that our products would gain consumer acceptance or that we will be able to successfully compete in our existing product segments or any new product segments. If we are unable to respond to changes in consumer preferences in a timely manner, or at all, or if our competitors respond to such changes more effectively, our business, results of operations and financial condition may be adversely affected.

16. If we are unable to identify consumer demand accurately it may have an adverse effect on our business, results of operations and financial condition.

The success of our business depends upon our ability to anticipate and identify consumer demand. Our product portfolio sold to institutional customers comprises of dairy-based ingredients, such as skimmed milk powder, whole milk powder and dairy creamers, which are used in the production of milk and food products. Our product portfolio sold to retail consumers comprises of branded products in the following categories: milk; milk powders; curd and buttermilk; ghee; and value added products. While we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which we may not be able to sell in a timely manner. Each of our products has a limited shelf life and if not sold prior to expiry, these products would have to be sold at a discount or discarded, leading to losses. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition.

17. ***We require number of approvals, licenses, registrations and permits for our business and are required to comply with certain rules, regulations and conditions to operate our business and failure to obtain, retain or renew such approvals and licenses in a timely manner or to comply with the requisite rules, regulations and conditions may adversely affect our operations.***

We require several statutory and regulatory permits, licenses and approvals to operate our business, some of which our Company has either received, applied for or is in the process of application. Many of these approvals are granted for fixed periods of time and need renewal from time to time. While we believe that we will be able to obtain the required permits and approvals as and when required there can be no assurance that the relevant authorities will issue any or all requisite permits or approvals in the time frame anticipated by us, or at all. Non-renewal of the permits and licenses would adversely affect our Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition. Further, some of our permits, licenses and approvals are subject to several conditions and we cannot provide any assurance that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, which may lead to the cancellation, revocation or suspension of relevant permits, licenses or approvals. Any failure by us to apply in time, to renew, maintain or obtain the required permits, licenses or approvals, or the cancellation, suspension or revocation of any of the permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on the business and financial condition. For further details, see the chapters titled "Key Regulations and Policies" and "Government and Other Key Approvals" on pages no. 102 of this Preliminary Placement Document.

18. We do not have long term agreements with suppliers for our other raw materials and an increase in the cost of or a shortfall in the availability of such raw materials could have an adverse effect on our business, results of operations and financial condition.

Apart from raw milk, we require sugar, flavoring agents, spices, cultures, packaging material, stabilizers, preservatives and other additives for our manufacturing operations. The price and availability of these raw materials depend on several factors beyond our control, including overall economic conditions, production levels, market demand and competition for such materials, production and transportation cost, duties and taxes and trade restrictions.

We usually do not enter into long term supply contracts with any of the raw material suppliers and typically place orders with them in advance of our anticipated requirements. The absence of long term contracts at fixed prices expose us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations. For example, we source packaging for our UHT products from Tetra Pak India Private Limited, which is a leading food processing and packaging solutions company. Our negotiating ability with Tetra Pak India Private Limited may be limited.

19. The growth of modern trade channels in the form of hypermarkets, supermarkets and online retailers may adversely affect our pricing ability, which may have an adverse effect on our results of operations and financial condition.

We also used to sell our products to retail customers through modern trade channels, which include supermarkets and hypermarkets. India has recently witnessed the emergence of such chains and online retailers and the market penetration of organized retail channels in India is likely to increase further. While we believe this provides us with an opportunity to improve our supply chain efficiencies and increase the visibility of our brands, it also increases the negotiating position of such stores. We cannot assure you that we will be able to negotiate our distribution agreements with such supermarkets and hypermarket chains, specially our pricing or credit provisions, on terms favorable to us, or at all. Any inability to enter into distribution agreements and on terms favorable to us, may have an adverse effect on our pricing and margins, and consequently adversely affect our results of operations and financial condition.

20. ***The credit ratings assigned for our Credit facilities(s) have recently been downgraded by Brickwork Ratings India (P) Limited. Any such downgrade of our credit ratings could result in an increase in borrowing costs and constrain our access to lending markets and, as a result, could negatively affect our business and financial position.***

Pursuant to a letter dated July 28, 2018, Brickwork Ratings India (P) Limited has revised the ratings assigned to our Credit Facilities of our Company and downgraded rating from BWR A Negative (Outlook Negative) to BWR BBB Negative (Credit watch with Negative Implications) for Fund Based credit facilities and downgraded rating from BWR A2 to BWR A3 for Non Fund Based credit facilities. The Brickwork has also downgraded rating of redeemable NCD and assigned rating of BWR BBB Negative (Credit watch with Negative Implications), on a review of recent developments in connection with our Company. The above rating(s) have been placed under credit watch on account of stretched liquidity position leading to overdrawls on account of working capital intensive business with high reliance on bank borrowings and high repayment obligations over the medium term.

The total outstanding borrowing of our Company as on March 31, 2018 on standalone basis was ₹ 1698.75 Crore. Any such downgrade of our credit ratings could increase our borrowing costs, constrain our access to lending markets, and affect the ability of our Company to raise funds, which could consequently, negatively affect our business and financial position. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions in our financing agreements including increase in the cost of borrowing, being added to any additional financing or refinancing arrangements in the future. Any such development could adversely affect our business and financial position.

21. ***Our Promoter and Directors may have interest in our Company, other than remuneration or reimbursement of expenses incurred.***

Our Promoter and Directors may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship and shareholding in our Company. Our Promoter are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, see the chapters titled "Our Business" and "Our Promoters and Promoter Group", beginning on page nos. 78 and 90 respectively and "Related Party Transactions" on page no. 142 under the chapter titled "Financial Statements" beginning on page no. 142 of the Preliminary Placement Document.

22. ***Our business depends on protection of our intellectual property in our product range. Our ability to compete effectively will be impaired if we are unable to protect our intellectual property rights.***

We believe that our intellectual property is an important asset of our Company. Our intellectual property includes trademarks associated with our business. We use various trademarks and word marks associated with our business including our logo appearing on the cover page of this Preliminary Placement Document. Moreover, Our Company uses Trademarks i.e. "KDIL's KWALITY" "Dairy Best", "Kream Kountry", "Meera Premium", "Dairy Best Wake Up", "LivLite" and out of which KDIL's Kwality, Kream Kountry and Meera Premium have been registered in the name of Kwality Limited and Dairy Best, Dairy Best Wake Up and LivLite trademark registered in the name of Pashupati Dairies (P) Limited. Our Company has entered in to franchise agreement with Pashupati Dairies (P) Limited for use of Trademarks registered in the name of Pashupati Dairies (P) Limited. However, at times, we may not be able to renew our franchise agreement and to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected.

23. ***Stringent food safety, consumer goods, health and safety laws and regulations may result in increased liabilities and increased capital expenditures.***

Our operations are subject to stringent health and safety laws as our products are for human consumption and are therefore subject to various industry specific regulations. We may also be subject to additional regulatory requirements due to changes in governmental policies. Further, we may also incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state and local food safety, consumer goods, health and safety and other laws and regulations. These laws and regulations are increasingly becoming stringent and may in the future create substantial compliance or remediation liabilities and costs. These laws may impose liability for non-compliance, regardless of fault. Other laws may require us to investigate and remediate contamination at our facilities and production processes. While we intend to comply with applicable regulatory requirements, it is possible that such compliance may prove restrictive, costly and onerous and an inability to comply with such regulatory requirement may attract penalty. For details see, "Government and Other Approvals" beginning on page 102 of this PPD.

24. ***Our Promoter and members of the Promoter Group will continue jointly to retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

Post this Issue, our Promoter and Promoter Group will collectively own [●]% of our equity share capital. As a result, our Promoter, together with the members of the Promoter Group, will continue to exercise a significant degree of influence over Company and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act, 2013 and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company. In addition, our Promoter will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests other shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

25. ***We have in the past entered into related party transactions and shall continue to do so in the future.***

Our Company has entered into various related party transactions with our Promoters, members of the Promoter Group, Directors, and Group Companies. While we believe that all such transactions are conducted on an arms-length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in future. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of operations. For details of transactions entered by us, see chapter titled "Related Party Transactions" in financial statement.

26. ***Debt facilities availed by our Company have been secured on personal guarantees of our Promoters. Our business, financial condition, results of operations, cash flows and prospects may be adversely affected in case of withdrawal of any personal guarantees or securities of the collateral provided by our Promoters.***

Our Promoter, Mr. Sanjay Dhingra has provided personal guarantees to secure existing borrowings which are still continuing and are in force as on the date of filing this Preliminary Placement Document. We may continue to provide such guarantees and other security post listing. In case of a default under our loan agreements, any of the personal guarantees provided by our Promoter Director may be invoked which could negatively impact the Company and the said Promoter Director. Also, we may face certain impediments in taking decisions in relation to our Company, which in turn would result in a material adverse effect on our financial condition, business, results of operations and prospects and would negatively impact our reputation. We may also not be successful in procuring alternate guarantees/ alternate security satisfactory to the lenders, as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our financial condition and cash flows.

The Andhra Bank Limited vide its letter dated August 17, 2018 and Karur Vysya Bank Limited vide its letter dated August 29, 2018 have already invoked personal guarantee given by the Promoter Mr. Sanjay Dhingra with respect to credit facilities availed by our company in view of default made by company while making payment of overdue amount.

Further, one of the lender namely IDBI Bank Limited, DIFC Branch Dubai, vide its letter dated August 04, 2018, have also invoked personal guarantee given by our Company and our promoter Mr. Sanjay Dhingra with respect to credit facilities availed by our subsidiary M/s Kwality Dairy Products FZE, Dubai.

27. ***If we are unable to establish and maintain an effective internal controls and compliance system, our business and reputation could be materially and adversely affected.***

We take steps to establish and maintain compliance and disclosure procedures, systems and controls, and to maintain internal controls over financial reporting in order to produce reliable financial reports and prevent financial fraud. However, internal controls over financial reporting must be reviewed on an ongoing basis as risks evolve, and the processes to maintain such internal controls involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human error. To the extent that there are lapses in judgment or breakdowns resulting from human error, the accuracy of our financial reporting could be affected which may adversely affect our business and financial position of our company.

28. ***The shortage or non-availability of power and water supply may adversely affect the production process and storage of our product and our performance.***

Our business processes requires power and water, mainly uninterrupted. Even though we have an operating history of more than a decade; and have been able to manage uninterrupted supply of power and water by installing our own diesel generators and tube wells and reverse osmosis system within our production facilities in addition to the routine sources of power and water. Any changes in government policies or local power and water shortages could adversely affect our production facility and ultimately our operations or financial condition may be adversely affected.

29. ***We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.***

Employee misconduct or errors could expose us to business risks or losses, including termination of our contracts, regulatory sanctions and serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

30. ***Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

Our business activities require skilled and unskilled labour. Non-availability of labour at any time or any disputes with them may affect our production schedule and timely delivery of our products to customers which may adversely affect our business and result of operations. We are unable to assure you that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may lead to strikes, lock- outs or increased wage demands. Such issues could have adverse effect on our business, and results of operations.

31. ***Our lenders have a charge over our movable and immoveable properties in respect of finance availed by us.***

Our total debt obligations payable on account of term loan, vehicle loan and cash credit facilities availed by our Company from Banks on the basis of Standalone Financial Statement as on March 31, 2018 is Rs. 1698.75 Crore. The said loans/cash credit facilities have been secured, inter-alia, by creating a charge over our moveable and immoveable properties. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse effect on our business, financial condition and results of operations. For further details, see chapter titled "*Financial Indebtedness*" beginning on page 88 of this PPD.

However, our three Consortium lender members namely Andhra Bank Limited vide its letter dated August 17, 2018, Bank of Baroda Limited vide its letter dated August 03, 2018 and Corporation Bank Limited vide its letter dated 31st August 2018 served a demand notice under Section 13(2) of The SARFAESI Act, 2002 for enforcement of security notice and stated that the bank(s) will revoke the charge created against Company's Assets with respect to credit facilities availed from the bank in view of defaults committed by the Company for payment of interest. The bank also given sixty days time to the Company from the date of their letter to make the payment as stated above and the Company is in the process of filling of reply to the above said notice(s). The company has also received demand notice under Section 13(2) of The SARFAESI Act, 2002 for enforcement of security notice from Karur Vysya Bank Limited vide its letter dated August 30, 2018 and demanded that the Company pay the entire overdue amount within Sixty (60) days from the date of aforesaid notice and the company is in the process of filling of reply to the above said notice.

32. ***Our Company had negative cash flows from our operating activities, investing activities and financing activities in some of the previous year(s) as per the Standalone Financial Statements and the same are summarized as under:***

Our Company had negative cash flow from our operating activities, investing activities and financing activities in some of the previous year(s) as per the Audited Standalone Financial Statements and the same are summarized as under:

(₹ in Lakhs)

Particulars	2015-16	2016-17	2017-18
Net Cash (used) in operating activities	870.49	16050.32	5544.59
Net Cash (used) in investing activities	(9995.21)	(19677.57)	(10823.28)
Net Cash (used) in financing activities	10652.88	8324.56	3484.88
Net Cash and Cash equivalents	**1528.16**	**4697.31**	**(1793.81)**

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow in future, it may adversely affect our business and financial operations.

33. ***Our Company has contingent liabilities which if materializes may adversely affect the financial position of the Company.***

As on March 31, 2018 our Company has certain contingent liabilities amounting to Rupees 253.72 Crore. The said contingent liabilities if materializes may adversely affect the financial position of our Company. The details of Contingent Liabilities are as under:

Summary of contingent liabilities and commitments *(to the extent not provided for.*

Particulars	**31 March 2018**
Contingent liabilities	**Amt. in INR (in Lakhs)**
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. A liability of Cess principal amounting INR 421.84 lakhs from which a sum of INR 212.96 lakhs (previous year INR 187.65 lakhs) deposited under protest and a sum of INR 3293.15 lakhs on account of interest liability raised by Semen Bank officer, of Haryana Livestock Development Board for which the matter is already before Hon'ble Supreme Court.	3,714.98
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
3. Appeal under Food Safety Act, 2006 , Kwality Limited and others versus Food Safety officer, Sh. Chander Veer Singh Jadon, Kota, Rajasthan	0.50
4. ADM Bulandshahr had decided a matter under Food Safety Act, 2006 read with Regulations 2011 and imposed a penalty of Rs. 4,00,000/- on the Company. The Compnay 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
5. The said case pertains to FSSAI case by ADM Surajpur Court , Before, ASDM, Surajpur, Gautam Budh Nagar (U.P)	2.00
6. DEPB Credit matter in CESTAT, Mumbai Nava Shavah	69.44
7. Contingent liabilities on account of sales tax matters	488.67
8. Contingent Liability for Bank Guarantee	441.37
9. Contingent Liability under EPCG License	-
10. 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)	20,488.89

34. Our Statutory Auditors in Audit Report of Fiscal 2018 have included certain emphasis of matters, in our Audited Financial Statements.

Our Statutory Auditors have made certain observations and have included matters of emphasis in the financial statement for the fiscal 2018 with respect to certain Tax Matter, foreign currency receivable and payable etc as under:

a) The matter with respect to the delay in payment of direct taxes amounting to INR 17929.09 Lakh (includes income tax payable for earlier years) as per requirement of Income Tax Act, 1961.
b) The matter with respect to foreign currency receivables and payable outstanding over the respective time limit prescribed under FEMA Act, 1999.
c) The matter with respect to proceedings initiated under section 132 of the Income Tax Act, 1961 on the company and some directors
   For detailed information please refer Notes to financial statement for the year ended March 31, 2018.

35. Our trading operations through our overseas subsidiary expose us certain risks including the volatile nature of international pricing for dairy products and foreign exchange risks.

In addition to our domestic sales, we export dairy products to approximately 25 countries across the continents of Asia and Far East Country(s). Our wholly-owned subsidiary, Kwality Dairy Products, FZE located in Dubai in the United Arab Emirates is engaged in the international trade of a variety of milk-based products.

Our trading operations expose us to the volatile nature of international pricing for dairy and dairy based products such as milk powder and food additive, which may adversely affect our results of operations. We are also exposed to fluctuations in exchange rates between US dollar and the Indian Rupee, due to revenues from our export trading operations being denominated in currencies other than Indian Rupees. Any losses on account of fluctuations in international pricing of dairy products or foreign exchange fluctuations may adversely affect our results of operations.

36. Our ability to invest in our overseas subsidiary, or acquire new businesses overseas, may be constrained by Indian and foreign laws, which could adversely affect our growth strategy and business prospects.

We currently have a Subsidiary incorporated in Dubai, United Arab Emirates. Under Indian foreign investment laws, an Indian company is permitted to invest in, or provide financial commitment to overseas joint ventures or wholly owned Subsidiary, not exceeding 400% of the Indian company's net worth as at the date of its last audited balance sheet (subject to certain exceptions), and any financial commitment exceeding USD 1.00 billion (or its equivalent) in a financial year will require prior approval of the RBI. This limitation also applies to any other form of financial commitment by the Indian company, including in terms of any loan, guarantee or counter guarantee issued by such Indian company. Further, there may be limitations stipulated in the host country for foreign investment.

Investment or financial commitment not complying with the stipulated requirements is permitted with prior approval of the RBI. Additionally, there are also further requirements specified under the Companies Act and Indian Foreign Exchange Laws in relation to any acquisition that we propose to undertake in the future. These limitations on overseas direct investment could constrain our ability to acquire overseas entities as well as to provide other forms of financial assistance or support to such entities, which may adversely affect our growth strategy and business prospects.

37. ***In addition to the employees on our rolls, we also engage contract labour which requires us to comply with the applicable regulations, the non-compliance of which, may subject us to penalties which may have adverse financial implications.***

We appoint contractors who in turn engage on-site contract labour for performance of our low skill operations. Any contravention under the Contract Labour (Regulation and Abolition Act), 1970 is punishable with imprisonment for a term which may extend to three months, or with fine which may extend to one thousand rupees, or with both and in the case of a continuing contravention with an additional fine which may extend to one hundred rupees for every day during which such contravention continues after conviction for the first such contravention. We have applied to the Government of Uttar Pradesh for certificate of registration under the Contract Labour (Regulation and Abolition) Act 1970 and the same is pending for approval. If we fail to obtain or renew the contract labour registration in a timely manner, we may be exposed to penalties which may adversely affect our business. For further information pertaining to the application made under the Contract Labour (Regulation and Abolition) Act 1970, please refer to our chapter titled "*Government and Other Approvals*" beginning on page 102 of this PPD.

38. ***Third party industry and statistical data in this Preliminary Placement Document may be incomplete, incorrect or unreliable*.**

Neither Lead Manager nor we have independently verified the data obtained from the official and industry publications and other sources referred in this Preliminary Placement Document and therefore, while we believe them to be true, there can be no assurance that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. The discussion of matters relating to India, its economy and our industry in this Preliminary Placement Document are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data or report and do not take responsibility for any errors or omissions or for the results obtained from using their data or report. Accordingly, investors should not place undue reliance on, or base their investment decision on this information, see chapter titled "*Industry Overview*" beginning on page 74 of this Preliminary Placement Document.

39. ***The purposes for which the proceeds of the Issue are to be utilized have not been appraised by any bank or financial institution. In the event of any upward revision in the estimates, our proposed expenditure would increase which could adversely affect our results of operations, profitability and our ability to effectively implement our business plans.***

We intend to use the proceeds that we receive from the Issue for the purposes described in section "Use of Proceeds" beginning on page 56 of the PPD. The estimated project cost has not been appraised by any bank or financial institution. The fund requirements are based on management estimates and on current market conditions. In view of the competitive nature of our industry, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our expenditure programmes or increase in our proposed expenditure for our objects and which may adversely affect our results of operations profitability and our ability to effectively implement our business plans. Further, the utilization of the proceeds from the Issue will be monitored by our Board and is not subject to any monitoring by any independent agency.

40. ***Our Company has not made any alternate arrangements for meeting our fund requirements for the 'Objects of the Issue. Further, we have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect business, operations and financial condition.***

As on date, we have not made any alternate arrangements for meeting our fund requirement as disclosed in the section titled 'Use of Proceeds'. We meet our fund requirements through our bank finance, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our fund requirements, which in turn will negatively affect our financial condition and results of operations. Further, we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue or any shortfall in the Issue proceeds may delay the implementation schedule and could adversely affect the growth plans. For further details, see chapter titled "Use of Proceeds" beginning on page 56 of the PPD.

41. ***Our Promoter has pledged their Equity Shares as additional/collateral security under agreements with various lender(s) in connection with various credit facilities obtained by our Company. In the event of any default under the relevant agreements, the lenders may enforce aforementioned pledges, which could result in a change in control of our Company and may also have an adverse impact of the market price of our Equity Shares.***

As on 24th August, 2018, an aggregate of 92461397 Equity Shares held by our Promoter, representing 38.31% of the paid-up equity share capital of our Company and out of which 84736000 equity shares representing 91.64% of the aggregate holding of Equity Shares by our Promoter, are pledged with banks and financial institutions. The following table provides the details of Equity shares pledged by our Promoter with banks and financial institutions as on date:

S. N	NAME OF PARTY AGAINST WHOM SHARES WERE PLEDGED	NO OF SHARES PLEDGED	% OF TOTAL PAID UP CAPITAL
1	IFCI Limited	4424000	1.83
2	IDBI Bank Limited	2200000	0.91
3	Union Bank of India	3500000	1.45
4	Mahindra & Mahindra Financial Services ltd	900000	0.37
5	IL&FS Trust Company Limited	54455000	22.56

6	SICOM Limited	1257000	0.52
7	Others	18000000	7.46
	TOTAL	**84736000**	**35.10**

In the event of any default under the relevant agreements with such banks and financial institutions, the lenders may enforce aforementioned pledges, which could result in a change in control of our Company.

42. ***We have substantial existing debt and may incur additional debt, which could adversely affect our ability to obtain additional financing in the future, on attractive terms, or at all. This in turn would adversely impact our operations and profitability.***

As on March 31, 2018, the amount of our total standalone borrowings was ₹ 1698.75 Crore. Our business requires also high amount of working capital. We may incur additional indebtedness in the future. Our ability to meet our debt service obligations and our ability to repay our outstanding borrowings will depend primarily upon the cash flow produced by our businesses. We cannot assure you that we will generate sufficient revenue from our businesses to service existing or proposed borrowings. If we fail to meet our debt service obligations, our lenders could declare us to be in default under the terms of our borrowings and may accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to seek additional equity capital, or restructure our debt. In the future, our cash flow and capital resources may not be sufficient for interest or principal payments on our indebtedness, and any remedial measures may not be successful and therefore may not permit us to meet our scheduled debt service obligations.

We are exposed to interest rate risk. Any such increase in interest expense may have an adverse effect on our business, prospects, financial condition and results of operation. Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially viable terms, that our counterparties will perform their obligations, or that such agreements, if entered into, will protect us fully against our interest rate risk. Such instances could adversely affect our business operations, cash flows and financial condition.

43. ***As of March 31, 2018, our Company has loans repayable on demand amounting to ₹* 1023.97 Crore *on a standalone basis, which may be recalled by lenders at any time. In such event, we may have to raise funds to refinance these obligations.***

As of March 31, 2018, our Company had secured working capital facilities from banks for an amount of ₹ 1023.97 Crore on a standalone basis, which may be recalled by lenders at any time. Such loans have customarily been used in India to finance working capital requirements of businesses. In such event, we may have to raise funds to refinance these obligations. This requirement to refinance loans on short notice may have a material and adverse effect on our business operations and financial condition.

44. ***Our Company's success depends largely upon its highly-skilled professionals and its ability to attract and retain these professionals. If our Company is unable to attract and retain professionals and skilled workers, its business and results of operations may be adversely affected.***

Our Company's ability to successfully conduct business operations and implement growth strategies depends largely on its ability to attract, train, motivate and retain highly-skilled professionals, particularly project managers and engineers, and other skilled workers. If our Company cannot hire and retain skilled personnel, its ability continue to expand its business will be impaired, and consequently its revenues could decline. Further, our Company may not be able to re-deploy and retrain its professionals to keep pace with continuing changes in technology, evolving standards and changing needs of its clients. In addition, a significant increase in the wages paid by competing employers could result in increased attrition among our Company's skilled workforce, increases in the wage rates that it pays or both. As a result of the growth in the dairy industry in India and the expected future growth, the demand for highly- skilled professionals and workers has significantly increased in recent years, and if our Company is unable to attract and retain professionals and skilled workers, its business and results of operations may be adversely affected.

45. ***Our Company depends on the knowledge and experience of our Promoter and Key Management Personnel for our growth. The loss of their service(s) may have a material adverse effect on our business, financial condition and results of operations.***

Our Company depends on the management skills and guidance of our Promoter, Mr. Sanjay Dhingra and Our Management Team, for development of business strategies, monitoring its successful implementation and meeting future challenges. Our Key Management Personnel collectively have several years of experience in managing our various businesses and are difficult to replace. In the event, we are unable to attract and retain managerial personnel or our Key Management Personnel join our competitors, our ability to conduct efficient business operations may be impaired.

Further, we do not have any Keyman Insurance Policy. The loss of the services of such personnel or any of our Promoter and our inability to hire and retain additional qualified personnel may have an adverse effect on our business, financial condition and results of operations.

46. ***No independent third party verification has been carried out with regard to the compliance with, all of the provisions, of all of the loan facilities, as availed of by our Company. Our Company believes that, save as disclosed herein, they are in compliance with the same, and our Company has sought to have the same confirmed from the relevant lenders.***

Our Company has not been in compliance with all of the provisions of the loan facilities as availed of by our Company.

While our management cannot assure you that our Company will have at all times complied with every statutory and regulatory requirement, they are not aware of any lapse in such compliance, which could have a material adverse effect on the operations and/or profitability of our Company, and which has not been disclosed herein.

47. Our inability to maintain adequate insurance coverage could adversely affect our operations and profitability.

Our Company is involved in dairy business, any failures can result in substantial injury or damage to third parties. Furthermore, our operations are subject to inherent risks, such as burglary and break-ins, defects, malfunctions and failures of equipment, fire and natural disasters. Our insurance may not be adequate to completely cover any or all our liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially justifiable. Our inability to procure and/or maintain adequate insurance cover in connection with our business/ assets may adversely affect our operations and profitability.

48. The information relating to the capacity and capacity utilization of our manufacturing facilities included in this Preliminary Placement Document has not been independently verified by an expert.

Information relating to the historical capacity of our production facilities included in this Preliminary Placement Document is based on various assumptions and estimates, including proposed operations, assumptions relating to availability and quality of raw materials and assumptions relating to potential utilization levels and operational efficiencies. Actual production levels and rates may differ significantly from the estimated production capacities or historical estimated capacity information of our facilities. Undue reliance should therefore not be placed on our historical capacity information for our existing facilities included in this Preliminary Placement Document. The accuracy of such information has not been independently verified by any expert, or the Book Running Lead Manager or its affiliates. Accordingly, investors should not place undue reliance on such data as a basis for making an investment in our Equity Shares.

49. We face foreign exchange risks that could adversely affect our results of operations and cash flows.

A portion of our total revenues is denominated in currencies other than Indian Rupees. Although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. In addition, the policies of the Reserve Bank of India ("**RBI**") may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our results of operations and cash flows. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations and cash flows.

50. Our Company have not complied with in past with respect to certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Our company have not complied with provisions of Regulation 29(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, which states that an advance notice of board meeting should be sent to the stock exchange at least 02 (two) working days in advance, wherein any fund raising activities is to be consider by the Board of Directors. The company in its notice of Board meeting dated July 29, 2017 with respect to Board Meeting held on August 11, 2017, in which fund raising activities were considered, have not included item with respect to fund raising activities in its notice of Board Meeting. However, the company have given the details of fund raising activities in its outcome sent to the stock exchange on August 11, 2017.

The company has also not complied with provision of Regulation 33(3) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 with respect to declaration of quarterly results for the quarter ended June 30, 2018.

For the above said non-compliances there may be a financial penalty to the company and also trading of the company may be suspended in line with provisions of SEBI Act read with Securities Contract (Regulation) Act 1956, and Listing Agreement etc.

51. ***SEBI also levied a penalty for non-compliance against the promoter in past three years***

SEBI had levied a penalty against Mr. Sanjay Dhingra, Our Promoter for non- compliance with the provisions of SEBI (SAST) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations 2015 for non-filing of disclosures required to be filed under said Regulation(s) and amount of penalty has been remitted to SEBI in order to settle the charges.

Risks Relating to India

52. ***The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares.

In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

53. ***Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.***

The central Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Further, our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in central or state Government policies, taxation and other political, economic or other developments in or affecting India. Since 1991, successive central Governments have pursued policies of economic liberalisation and financial sector reforms. Any slowdown in these demand drivers or change in Government policies may adversely impact our business and operations. Generally a significant adverse change in the central Government's policies could adversely affect our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline.

54. ***If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.***

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by relevant tax authorities may adversely affect our results of operations. We cannot assure you as to what action current or future Governments will implement regarding tax incentives or excise duty benefits. Moreover, any Government policies restricting the allotment of land in areas where we intend to establish facilities could adversely affect our plans to expand our manufacturing facilities. We may not be able to comply with the obligations and stipulations that would allow us to avail ourselves of such benefits or concessions, and consequently, we may lose such benefits and concessions.

55. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure.

Further, the Union Budget presented in the Indian Parliament on February 1, 2018, introduced a number of amendments to the existing direct and indirect tax regime which includes the withdrawal of long term capital gains exemptions on equity shares, long term capital gains applicability in the hands of Foreign Institutional Investors and applicability of dividend distribution tax for certain transactions with shareholders, among others. Prospective investors should consult their own tax advisors in relation to the consequences of investing in the Equity Shares. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

56. ***We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.***

The Competition Act regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of products or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

57. ***It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.***

We are incorporated under the laws of India and substantially all our Directors and executive officers reside in India. A substantial majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or
- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

For further details, see "*Enforcement of Civil Liabilities*" on page 15.

58. ***A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

59. **Significant differences could exist between IND AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which may affect investors' assessments of our financial condition.**

The Financial Statements included in this Preliminary Placement Document have been prepared in accordance with IND AS. The impact of the application of Indian GAAP, U.S. GAAP or IFRS on such financial information included in this Preliminary Placement Document has not been quantified and the Audited Financial Statements have been prepared without reconciliation to any other body of accounting principles. Each of Indian GAAP, U.S. GAAP and IFRS differs in significant respects from Ind AS. Accordingly, the degree to which the Audited Financial Statements included in this Preliminary Placement Document will provide meaningful information is dependent on the reader's level of familiarity with the relevant accounting practices. Any reliance by persons not familiar with such accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited.

60. **You may be subject to Indian taxes arising out of capital gains on the sale of Equity Shares.**

Under current Indian tax laws, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if STT is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares, except in the case of such acquisitions where STT could not have been paid, as notified by the GoI under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, Finance Bill, 2018, proposes to tax such long term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially exempt or exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares

61. ***Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

62. **Investors may have difficulty enforcing foreign judgments against us or our management.**

We are a limited liability company incorporated under the laws of India. All our directors and executive officers are residents of India and all of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside of India, or to enforce judgments obtained against such parties outside of India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 ("CPC") on a statutory basis. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the FEMA to execute such a judgment or to repatriate any amount recovered.

Risks Relating to the Equity Shares and this Issue

63. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

64. Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

65. There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

66. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI or the FIPB will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

67. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

The Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the stock exchanges based on historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

68. ***Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.***

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

69. ***An investor will not be able to sell any of our Equity Shares purchased in the Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of issue of such Equity Shares.***

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of our Equity Shares in the Issue, investors purchasing our Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of our Equity Shares.

70. **Applicants to the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.**

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant could take approximately seven days and up to 10 days from the Bid/Issue Closing Date. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants shall not have the right to withdraw their Bids in the event of any such occurrence without the prior approval of SEBI. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

71. **Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.**

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

72. **There is no guarantee that the Equity Shares issued pursuant to this Issue will be listed on the BSE and the NSE in a timely manner, or at all.**

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to this Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing 64 and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict an investor's ability to dispose of the Equity Shares

USE OF PROCEEDS

The total proceeds of the Issue will be ₹ 8000.00 Lakhs. After deducting the Issue expenses of approximately ₹ [●] Lakhs, the net proceeds of the Issue will be approximately ₹ [●] Lakhs.

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds primarily towards meeting working capital requirements and general corporate purposes and for such other purposes as may be permitted by applicable laws.

The Net Proceeds are not proposed to be utilized towards any specific project. Accordingly, the disclosure requirements under the SEBI Regulations with respect to: (i) break-up cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, are not applicable.

In accordance with the decision of our Board, the management of the Company will have flexibility in deploying the net proceeds from the Issue. Pending utilization of proceeds of the Issue as described above, the Company intends to temporarily invest funds in creditworthy instruments, including money market, mutual funds and fixed deposits. Any modification or change in the investment policy would be at the discretion of the Board from time to time and in accordance with applicable laws.

CAPITALISATION STATEMENT

The following table sets forth the Company's capitalization and total debt on a basis as of 31st March, 2018 and as adjusted to give effect to the Issue. This table should be read in conjunction with the Financial Statements and the related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing on page no. **64** of this Preliminary Placement Document and other financial information contained in the section on "Financial Statements of the Company" appearing on page no. 142 of this Preliminary Placement Document.

Particulars	**Pre Issue (as at March 31, 2018)**	**Post Issue**
		(Rs. in Lakhs)
Borrowings		
Short term debt:		
Secured	102397.40	**[●]**
Unsecured	2500.00	**[●]**
Total Short Term Debt (I)	**104897.40**	
Current Maturities of Long term debt (II)	18427.75	
Long- term debt:		
Secured	28680.09	**[●]**
Unsecured	17869.89	**[●]**
Total Long Term Debt (III)	**46549.98**	
Total Borrowings (I+II+III) A	**169875.13**	**[●]**
Shareholders' funds:		
Share capital	2413.54	[●]
Other Equity	109211.24	**[●]**
Share warrants	Nil	**[●]**
Total Shareholder's fund excluding debt funds (B)	**111624.78**	[●]
Total capitalization (A+B)	**281499.91**	**[●]**

MARKET PRICE INFORMATION AND OTHER INFORMATION CONCERNING THE EQUITY SHARES

As on the date of this Preliminary Placement Document, the Company's issued & subscribed share capital is 2413.54 Lakhs divided into 2413.54 equity shares of ₹ 1 each. The Company's paid-up share capital is 2413.54 Lakhs divided into 2413.54 equity shares of ₹ 1 each.

On September 11, 2018, the closing price of the Equity Shares on BSE & NSE was ₹ 21.95 & 22.05 per equity share. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

The table set forth below provides the high and low prices of the Equity Shares and also the volume of trading activity for the specified periods.

Equity Share Price Information

A. Equity Share Price Information for last three Financial year

The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes for the Financial Years ended March 31, 2018, March 31, 2017 and March 31, 2016:

BSE									
Financial Year	**High (₹)**	**Date of High**	**Volume on date of High (No. of Shares)**	**Volume on date of High (₹ in Lakhs)**	**Low (₹)**	**Date of Low**	**Volume on date of Low (No. of Shares)**	**Volume on date of Low (₹ in Lakhs)**	**Average Price* (₹)**
2017-18	162.80	April 7, 2017	437432	71578113	60.35	March 28, 2018	3130721	190368470	120.53
2016-17	165.50	March 7, 2017	529004	87092026	104.45	August 1, 2016	173250	18101344	128.21
2015-16	147.60	January 1, 2016	710455	105279108	38.90	April 27, 2015	52841	2062958	83.94

(Source: www.bseindia.com)
**Average of closing price*

NSE									
Financial Year	**High (₹)**	**Date of High**	**Volume on date of High (No. of Shares)**	**Volume on date of High (₹ in Lakhs)**	**Low (₹)**	**Date of Low**	**Volume on date of Low (No. of Shares)**	**Volume on date of Low (₹ in Lakhs)**	**Average Price* (₹)**
2017-18	162.90	April 7, 2017	2534593	414804545.55	59.05	March 28, 2018	17353004	1044094959.85	120.53
2016-17	165.30	March 7, 2017	2803251	461028731.12	104.65	August 1, 2016	597990	62647481.45	128.23
2015-16	147.60	December 24, 2015	3048772	444675229.9	38.75	April 27, 2015	2437882	9549624.55	83.95

(Source: www.nseindia.com)
**Average of closing price*
Notes:

1. *High, low and average price for the year are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
3. *In the case of a year, average price for the year represents the average of the closing prices on each day of each year.*

B. Equity Share Price Information for preceding six months

The following tables set forth the reported high, low, average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading volumes during each of the last six months:

BSE									
Month	**High (₹)**	**Date of High**	**Volume on date of High (No. of Shares)**	**Volume on date of High (In ₹)**	**Low (₹)**	**Date of Low**	**Volume on date of Low (No. of Shares)**	**Volume on date of Low (In ₹)**	**Average Price* (₹)**
August, 2018	28.45	August 24, 2018	1874720	5099934	13.75	August 01, 2018	165242	2272077	20.59
July, 2018	23.90	July 02, 2018	1015526	23307621	10.95	July 27, 2018	2155136	25550539	15.93
June, 2018	46.05	June 01, 2018	318694	13801789	21.15	June 29, 2018	7389147	161311507	29.24
May, 2018	52.95	May 07, 2018	426560	22057948	45.00	May 31, 2018	452325	20484855	47.84
April, 2018	61.85	April 16, 2018	800283	48913415	48.65	April 27, 2018	513177	25503368	55.22
March, 2018	99.90	March 14, 2018	1028617	102822145	60.35	March 28, 2018	3130721	190368470	85.57

(Source: www.bseindia.com)
**Average of closing price*

NSE									
Month	**High (₹)**	**Date of High**	**Volume on date of High (No. of Shares)**	**Volume on date of High (In ₹)**	**Low (₹)**	**Date of Low**	**Volume on date of Low (No. of Shares)**	**Volume on date of Low (In ₹)**	**Averag e Price* (₹)**
August, 2018	27.85	August 24, 2018	6328265	169146862.9 0	13.75	August 01, 2018	151832	2087690	20.46
July, 2018	23.90	July 02, 2018	3968003	86586637.50	11.00	July 27, 2018	9122430	107355785.20	15.91
June, 2018	46.15	June 01, 2018	3016879	130877666.5 0	21.25	June 29, 2018	23392415	519301215	29.29
May, 2018	52.95	May 07, 2018	4643919	239230272	44.95	May 29, 2018	3167901	145991773.80	47.92
April, 2018	61.90	April 16, 2018	7700993	47034799	48.45	April 27, 2018	3504401	174217518.25	55.14
March, 2018	99.95	March 14, 2018	7733094	77530231	59.05	March 28, 2018	17353004	1044094959.85	85.36

(Source: www.nseindia.com)
**Average of closing price*

Notes:

1. *High, low and average price for the year are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*
3. *In the case of a year, average price for the year represents the average of the closing prices on each day of each year.*

C. The following table sets forth the market price of our Equity Shares on the BSE & NSE on August 14, 2017, the first working day following the Board meeting dated August 11, 2017 approving the Issue:

BSE

Date	Open	High	Low	Close	Traded Volume (No. of Shares)	Turnover (₹ in Lakhs)
14.08.2017	139.90	144.65	131.00	136.55	246275	342.51

(Source: www.bseindia.com)

NSE

Date	Open	High	Low	Close	Traded Volume (No. of Shares)	Turnover (₹ in Lakhs)
14.08.2017	133.35	145.10	133.35	136.75	2303286	3210.29

(Source: www.nseindia.com)

D. Details of the volume of business transacted during the last six months on the BSE:

Month	Total Volume of Securities Traded (No. of Shares)	Total value of Securities Traded (₹ in Lakh)
August, 2018	20743680	4081.77
July, 2018	29772913	4819.74
June, 2018	39522134	11242.567
May 2018	8273222	3993.42
April 2018	28552566	16193.12
March 2018	16737257	13852.18
Total	**143601772**	**54182.80**

(Source: www.bseindia.com)

E. Details of the volume of business transacted during the last six months on the NSE:

Month	Total Volume of Securities Traded (No. of Shares)	Total value of Securities Traded (₹ in Lakh)
August, 2018	60135938	11949.87
July, 2018	116711481	18391.82
June, 2018	130778904	36948.15
May, 2018	69709048	33847.74
April, 2018	199277220	112315.63
March, 2018	77012301	63717.14
Total	**653624892**	**277170.35**

(Source: www.nseindia.com)

Capital Structure

The share capital of our Company as at the date of this Placement Document is set forth below:

(₹ in Lakhs)

	Particulars	**Aggregate Value at face value**
A	**AUTHORIZED SHARE CAPITAL**	
	100,00,00,000 Equity Shares of ₹ 1/- each	10,000.00
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	24,13,54,382 Equity Shares of ₹ 1/- each	2413.54
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT(1)**	
	Upto [●] Equity Shares of ₹ 1/- each	2413.54
D	**PAID-UP CAPITAL AFTER THE ISSUE(2)**	
	[●] Equity Shares of ₹ 1/- each	[*]
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as on March 31, 2018)*	22516.39
	After the Issue**	[*]

**As per audited Balance sheet on March 31, 2018*

***The present Issue has been authorized by the Board vide their resolutions dated August 11, 2017 and by the Shareholders vide a special resolution at the AGM held on September 29, 2017.*

History of Equity Share Capital our Company

The history of the Equity Share capital of our Company is set forth below:

Date of Allotment	No. of Equity Shares Allotted	No. of Equity Shares (Cumulative)	Face value per Equity Share (Rs.)	Issue price per Equity Share (Rs.)	Form of Consideration
August 21, 1992	40,000	40,000	10.00	10.00	Subscribers to Memorandum
August 11, 1993	1,90,000	2,30,000	10.00	10.00	Cash
July 22, 1994	5,00,000	7,30,000	10.00	10.00	Other than Cash
July 22, 1994	7,08,000	14,38,000	10.00	10.00	Cash
January 24, 1995	8,62,000	23,00,000	10.00	10.00	Cash
July 10, 1995	39,00,000	62,00,000	10.00	10.00	Cash
November 10, 1997	30,00,000	92,00,000	10.00	10.00	Cash
November 6, 1998	40,00,000	1,32,00,000	10.00	10.00	Cash
June 14, 2002	50,00,000	1,82,00,000	10.00	10.00	Other than Cash
December 11, 2009	18,20,00,000	18,20,00,000	1.00	-	Subdivision
June 17, 2010	2,11,86,434	20,31,86,434	1.00	1.00	Bonus Issue
January 24, 2015	1,55,44,041	21,87,30,475	1.00	48.25	Other than Cash
March 12, 2016	51,81,347	22,39,11,822	1.00	48.25	Cash
April 09, 2016	1,03,62,694	23,42,74,516	1.00	48.25	Cash
August 22, 2016	18,10,938	23,60,85,454	1.00	110.44	Cash
November 21, 2016	7,53,100	23,68,38,554	1.00	38.00	Cash

Date of Allotment	No. of Equity Shares Allotted	No. of Equity Shares (Cumulative)	Face value per Equity Share (Rs.)	Issue price per Equity Share (Rs.)	Form of Consideration
January 23, 2017	5,17,000	23,73,55,554	1.00	38.00	Cash
April 07, 2017	4,88,000	23,78,44,454	1.00	38.00	Cash
June 29, 2017	45,000	23,78,89,454	1.00	38.00	Cash
August 16, 2017	69,400	23,79,58,854	1.00	38.00	Cash
December 20, 2017	10,700	23,79,69,554	1.00	38.00	Cash
February 19, 2018	33,84,828	24,13,54,382	1.00	115.22	Cash

Our Company has not made any allotment of Equity Shares for consideration other than cash in the one year immediately preceding the date of filing of the Preliminary Placement Document.

Employee Stock Purchase Scheme/ Employee Stock Option Plan

ESOP 2014

Pursuant to a Board resolution dated May 30, 2014, and a Shareholders' resolution dated July 7, 2014, our Company has adopted the ESOP 2014. Under the ESOP 2014, the Board is authorized to create, offer and grant from time to time up to 9,500,000 options to the permanent employees, existing and future, of the Company, exercisable into 9,500,000 Equity Shares, in one or more trances, and in such manner as the Board may decide in accordance with applicable law. Further, under the ESOP 2014, the Board is authorized to create, offer and grant from time to time up to 500,000 options to the permanent employees, existing and future, of the existing and future Subsidiary of the Company, exercisable into 500,000 Equity Shares, in one or more trances, and in such manner as the Board may decide in accordance with applicable law.

The options granted shall vest so long as an employee continues to be in the employment of the Company or the subsidiary company. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 year. Options granted under ESOP 2014 would vest subject to maximum period of six (6) years from the date of grant of such options. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOP 2014. The vested options shall be eligible for exercise on and from the date of vesting. The vested options need to be exercised within a maximum period of five (5) years from the date of vesting of such options. Vested options that have lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

Details of ESOP 2014

Sr. No	Particulars	Number of Equity Shares/Option
1	Total Number of Options Granted as on March 31, 2018	47,66,000
2	Total Number of Options Outstanding	52,34,000

DIVIDENDS

The declaration and payment of dividends, if any, will be recommended by our Board and approved by the shareholders of our Company, in their discretion, subject to the provisions of our Articles and the Companies Act, 2013. The recommendation, declaration and payment of dividends will depend on a number of factors, including but not limited to our Company's profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. The table below sets out the details of the dividends declared by our Company on its Equity Shares during the last three financial years:

Financial Year	**Face Value per Shares**	**Dividend per Equity Shares**		**Total amount of Dividend**
	(in ₹)	**(in ₹)**	**(in %)**	**(₹ in Lakhs)**
2016-17	1	0.10	10	237.96
2015-16	1	0.10	10	236.09
2014-15	1	0.10	10	218.73

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future. Dividends are payable within 30 days of approval by the Shareholders in an AGM. The Articles grant discretion to the Board to declare and pay interim dividends as appear to it to be justified by the profits of our Company.

For a summary of certain consequences under Indian taxation law of dividend distributions to shareholders, see "Taxation-Statement of Tax Benefits" on page 129.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Indian Economy Overview

The Indian economy is growing strongly and remains a bright spot in the global landscape. The decline of global oil prices has boosted economic activity in India, further improved the external current account and financial positions, and helped lower inflation. In addition, continued Financial consolidation by reducing government deficits and an anti-inflationary monetary policy stance, have helped cement macroeconomic stability.

The government has made significant progress on important economic reforms, which will support strong and sustainable growth going forward. In particular, the implementation of the goods and services tax, which has been in the making for over a decade, will help raise India's medium-term growth, as it will enhance the efficiency of production and movement of goods and services across Indian states.

India's economy grew by 7.1% in Financial 2016-17, as compared to the growth rate of 8% in FY 2015- 16. Inflation, both Wholesale Price Index (WPI) and Consumer Price Index (CPI), remained under control throughout FY 2016-17. The CPI inflation declined significantly from a high of 9.9% in FY 2012-13 to 4.5% in FY 2016-17. India also witnessed record food grain production in FY 2016-17 owing to a good rainfall during monsoon.

India's overall outlook remains positive, although growth slowed temporarily as a result of disruptions in consumption and business activity from the recent withdrawal of high-denomination banknotes from circulation. The year was marked by a variety of institutional reforms such as the implementation of the Insolvency and Bankruptcy Code, creation of Monetary Policy Committee, redesigning of the FRBM framework, passage of GST, and the policy thrust towards a less-cash formal economy.

Foreign direct investment inflows also hit an all-time high of USD 60.1 billion in FY 2016-17 owing to the government's initiative to ease rules to lure global conglomerates to set up shop across several sectors. In the last three years, the government has eased 87 FDI rules across 21 sectors to accelerate economic growth and boost jobs.

Further, shrugging off the impact of the note ban in November and December on purchasing power, the updated series of factory output showed a sharp growth. IIP grew by 5% during the Financial as against 3.4% in FY 2015-16.

The Indian Meteorological Department (IMD) has forecasted that this year monsoon would be 'Normal' or around 96% of Long Period Average (LPA) with an error of ± 5% and with a fair distribution of rainfall across major parts of country. If the forecast holds, it will boost rural demand and also alleviate rural distress.

India has positioned itself as the most dynamic emerging economy and is expected to remain the fastest growing on the back of robust private consumption and significant domestic reforms gradually being implemented by the government.

Management Discussion & Analysis

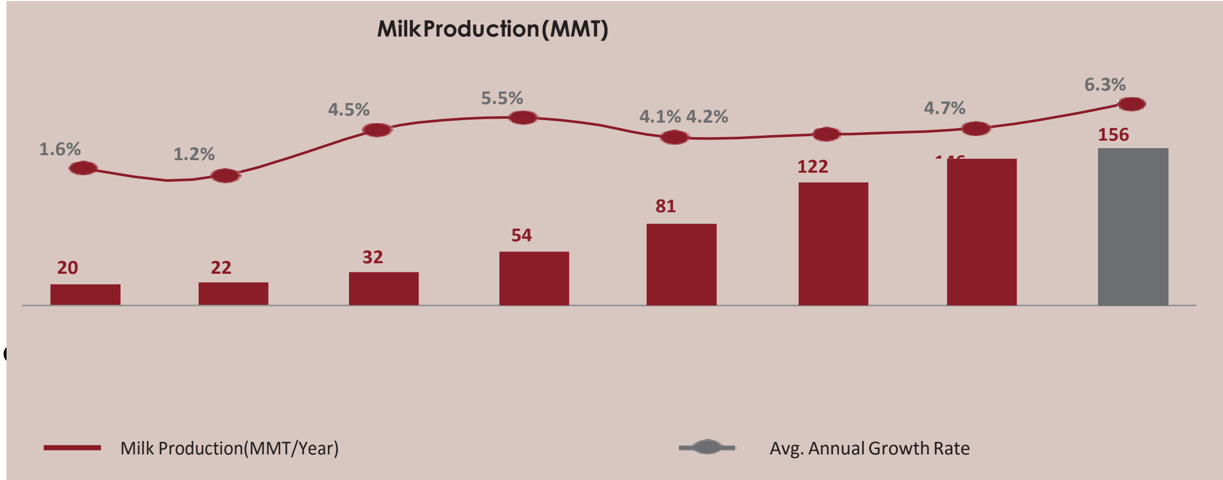
Dairy Industry Overview

Dairy sector contributes 27% to the agriculture GDP of India and involve over 70 mn rural households in dairying. The Indian dairy industry, presently valued at around ₹ 6 lakh crore. The overall industry is estimated to record 14.8% CAGR, over FY2015-20, to reach ₹ 9 lakh crore, underpinned by a growth in volume and realization. India is the world's largest milk producer and consumer, accounting for 18% of the world's milk production and 21% for global consumption

MILK PRODUCTION

The country's milk production stood at 155.5 MT in FY 2015-16. The Agriculture Ministry has targeted to achieve 163.74 MT of milk production in FY 2016-17. During the monsoon season (July- October) of FY 2016-17, production grew by 4.38% to 54.50 MT from 52.21 MT in the same period of the previous year.

Over 40% of the milk production is retained by producers (farmers) for household consumption and 41% share is with the unorganised segment. Only 19% is procured, processed and sold through by organised dairies currently.



The organised dairy sector is gradually enhancing its share in the overall dairy sector. It has improved its share from 17% in 2010 to the present level of 22%, and going ahead, it is expected to garner a 26.2% share by 2020 in the overall dairy industry.

Led by improving demographics, increasing urbanisation, change in consumers' dietary patterns and an observed shift towards packaged food, the organised dairy sector is estimated to grow nearly 2.5x, from an industry size of ₹ 97,000 crore to over ₹ 2,40,000 crore, by 2020.

SECTORAL ATTRACTIVENESS

Dairy sector in India is one of the largest revenue and employment-generating segment within the food sector. More recently, the dairy sector has been witnessing unprecedented interests globally. The large untapped domestic market opportunity deep distribution penetration, evolving role of modern retail and India's strong position with the largest raw milk pool, are growing the attractiveness of the sector. The following realities also make India one of the fastest growing milk markets.

Milk has remained an essential component of household budget in India. Urban households spend 16% of their food expenditure on milk and milk products. In the given scenario of rising incomes of the health-conscious middle class, the rural and urban spending on milk and milk products is increasing consistently.

India's per capita dairy consumption stands at 96 litres a day, against 296 litres in the US and UK. Further, Indian per capita demand is going up 4.5% y-o-y, while the global per capita consumption is growing at a slower rate of 1.5%.

India provides a wide untapped market for value added milk products. The growth for organised dairy players are driven by value-added products, which is growing 23% annually compared to 15% for liquid milk. The rising disposable income, quality consciousness and convenience seeking consumer population, are driving demand for value added segment growth.

The Indian consumption story has attracted the attention and presence of some of the largest global dairy brands. Sluggish growth in developed markets, is leading to an opportunity for western players to enter new geographies and consolidate local industries via acquisitions or strategic partnerships, which is evident from recent M&A activities.

A strong and growing demand for dairy products from Indian consumers, active investment behavior by major players, coupled with market liberalizing policies from the government signaling its intent to boost FDI in the dairy sector, suggests a positive forecast for the future of the Indian dairy market

Management Discussion & Analysis

Government Initiatives

As dairy is an important source of income for a large number of rural households, the central government is constantly making a number of efforts to increase the income of such families. In the last three years, the government has successfully implemented the following schemes:

NATIONAL GOKUL MISSION

This initiative is aimed towards development and conservation of indigenous breeds. With improved breed and high quality milch animals, the quantity and quality of milk and its products will grow significantly.

Under this mission, 14 Gokul Grams are being established across Maharashtra (3 Grams), Punjab, Chattisgarh (2 Grams), Andhra Pradesh, Gujarat (2 Grams), Uttar Pradesh (2 Grams), Madhya Pradesh, Karnataka and Haryana. For the Mission, ₹2,260 mn was spent during 2014-17 and ₹1,900 mn has been allocated for 2017-18.

NATIONAL KAMDHENU BREEDING CENTRE

Under this programme, two new National Kamdhenu Breeding Centres - one in North India - Itarsi, (Hosangabad District in Madhya Pradesh) and one in South India- Chintladevi, (Nellore District in Andhra Pradesh) are being established at an amount of ₹500 mn.

The breeding centre is already functional in Andhra Pradesh and includes eight breeds of buffaloes and cattle animals. For the centre at Madhya Pradesh, the foundation stone was laid in October, 2016 at a land parcel spread across 80 acres. This centre is expected to be functional over the next two years, and will have germplasm of exotic an cross bred-cattle

NATIONAL MISSION ON BOVINE PRODUCTIVITY

This mission is aimed at increasing milk production and productivity and to make dairying profitable. The government has made an allocation of ₹8,250 mn for a period of three years. This scheme has following components:

» **Pashu Sanjeevani:** The Ministry of Agriculture has sought funds worth ₹140 crore to cover 85 million milk producing animals under the Pashu Sanjeevani scheme which would aim to control spread of animal diseases, enhance productivity and improve quality of livestock. This program will have components as Health Card (Nakul Swasthya Patra), Unique Identification Card and National Database.

» **Advanced Breeding Technology:** The programme is aimed towards assisting reproductive technique and improving availability of disease free female bovine.

» **National Genomic Centre:** This will be established to enhance milk production and productivity of indigenous breeds through rapid genetic **upgradation.**

» **Creation of E-Pashudhan HAAT:** This is an e-market portal for bovine germplasm for connecting breeders and farmers of indigenous bovine breeds.

LIVESTOCK INSURANCE SCHEME

National Livestock Mission is working towards quantitative and qualitative improvement in capacity building of livestock production methods and is an effective scheme of the government to protect livestock losses due to untimely death of animals. All the districts and animals have been covered under this scheme. The scope of coverage has been increased from 300 districts to all districts and from only two milch animals to five dairy animals/other animals or 50 small animals. Under the scheme, all indigenous and hybrid milch animals, cattle, and other livestock can be insured.

IMPACT OF GST

The Government's step towards GST is a path-breaking move and will give a huge impetus on the overall economic growth of the country. GST will also lead to formalization of the unorganized segment and will change the entire landscape of the dairy industry, creating significant opportunities for the organised segment.

On the dairy perspective, the government has shown extreme sensitivity towards the masses, and majority of the dairy products are falling in the buckets of 0% 5% and 12%. In the short-term, the dairy sector is expected to have a neutral impact. Untill now, the sale across other states (via distributors) through C-Form, attracted an additional 2% CST cost, which was borne by the consumer. Post GST implementation, this additional burden would no longer be applicable, thereby, reducing the price of the product to that extent. However, looking at the long-term horizon, a gain is expected on account of operational efficiency and effectiveness.

GST will also make the supply chain management simpler. With imposition of GST there will be ease of doing business in India as the multiple indirect taxes and intra-state compliances would be abundant.

Further, transfer of products to Depots/CSA would become expensive, as GST would be applicable on such products, thereby, increasing the inventory holding costs to that extent. Until now, no tax was levied on such transfers.

Company Overview

Kwality Ltd. (Kwality) was incorporated in 1992 as Kwality Dairy (India) Ltd. We are amongst India's largest and fastest private dairy product companies with milk processing capacity of 4.3 million litres of milk per day as on March 31, 2018. We have evolved into an integrated dairy based manufacturer, servicing retail and institutional customers, with a wide range of dairy products.

Established as a backward integration unit of Kwality Ice Creams India Ltd, the Company was acquired by current promoter Mr. Sanjay Dhingra in the year 2002. During the period 2003- 2010, the company focused on B2B business model, catering to Institutional and HORECA segments.

In 2010, as part of its backward integration initiative, the Company established its first milk Chilling Centre (MCC) in Haryana, to embark into B2C segment. Over the years, the Company continued to streamline its milk procurement system, strengthen its position in the North India and augment its capacities to widen the product range.

In 2014, having achieved significant scale and strong position in northern India, Kwality undertook a 'Business Transformation' initiative to strategically shift from its B2B business model towards B2C and develop capabilities for high-margin value-added product categories. Kwality aims to become best-in-class consumer facing dairy company in India compliant with global standards.

Significant Factors Affecting our Results of Operations and Financial Condition

Our business and results of operations are affected by a number of significant factors including:

- ***Pricing of our products***

The pricing of our products are determined largely by various factors inter-alia includes cost of production, Margins, pricing of the competitors' products and other market practices.

- ***Milk Procurement System***

All our production processes begin with the procurement of milk and our business operations are dependent on our ability to procure sufficient amounts of quality raw milk at commercially viable prices. We procure the raw milk directly from milk farmers and milk contractors from Uttar Pradesh, Rajasthan and Haryana and adjacent areas, which is a significant milk producing region in Northern India. Although, we believe we have developed a strong relationship with these dairy farmers and milk vendors over the years, we have not entered into any specific agreement/ MoU. We only have oral arrangements with our suppliers and we typically transact on an invoice basis for each order. The availability and price of raw milk is also subject to a number of factors beyond our control including seasonal factors, environmental factors, and general health of cattle and Government policies.

An inability to procure sufficient quality raw milk at reasonable cost, or an inability to pass on any increases in the price of raw milk to our customers could adversely affect our business, results of operations and financial condition.

- ***Dependency on third party transporters***

Our Company uses third party transportation for the delivery of our raw materials and finished products. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. These transportation facilities may not be adequate to support our existing and future operations. In addition, raw materials / finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delays in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials may have an adverse effect on our business and results of operations. Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in road infrastructure and port facilities, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

- ***Contamination/adulteration***

Since milk is a perishable product, we are subject to risks affecting the dairy industry, including risks posed by the contamination/ spoilage of milk, consumer product liability claims, product tampering, product labelling errors, and other adulteration of our products. Any actual or alleged contamination or deterioration of our products, whether deliberate or accidental, could result in legal liability, damage to our reputation and may adversely affect our business prospects and consequently our financial performance. The risk of contamination or deterioration exists at each stage of the production cycle, including during the production, storage and delivery of raw materials, packaging, storage and delivery to our customers and the storage and shelving of our products by our distributors, institutional customers and retailers until final consumption. While we follow stringent quality control processes and quality standards at each stage of the production cycle, there can be no assurance that our products will not be contaminated or suffer deterioration.

Further, there can be no assurance that contamination of our raw materials or products will not occur during the transportation, production, distribution and sales processes due to reasons unknown to us or beyond our control. If our products or raw materials are found to be spoilt, contaminated, tampered with, incorrectly labelled or reported to be associated with any such incidents, we may be forced to recall our products from the market and we could incur criminal or civil liability for any damage resulting from consumption of such products. We generate majority of our sales from institutional customers and if the end products manufactured by those customers are found to be contaminated on account of our product, our customers may return our goods, terminate their relationships with us and initiate legal proceedings against us. Any such event may have a material adverse effect on our reputation, business, financial condition, cash flows, results of operations and prospects could be materially and adversely affected.

- ***Growing distribution network***

We have an extensive sales and distribution network, which covers more than 60000 retail outlets, primarily spread across Rajasthan, Uttar Pradesh, Haryana and the NCR. We utilize modern trade channels, which comprise super-markets and hyper-markets and general trade channels that include smaller retail stores together with certain online platforms for our sales, and our ability to expand and grow our sales to retail consumers significantly depends on the reach and effective management of our distribution network.

- ***Rapidly evolving and highly competitive industry***

The dairy products industry in India is highly competitive, especially the markets for pasteurized milk, skimmed milk etc. These products are experiencing rapid development and increasing competition. Further, the Indian dairy market has historically been dominated by the unorganized sector, which comprises traditional milkmen and vendors. We also compete with large dairy cooperatives that also procure milk from farmers in the regions where we procure milk, and any incentives offered by the Central or State Government to such cooperatives, could benefit such entities, which may in turn adversely affect our business.

- ***Valued added products***

We seek to develop our research and development capabilities to distinguish ourselves from our competitors to enable us to introduce new products and different variant of our existing products, based on consumer preferences and demand. Our milk processing facility in Haryana became operational during February, 2017 and is dedicated primarily to the production and manufacture of value-added products and we have commenced the manufacture and sale of value-added products such as flavored milk, UHT milk, cream in tetra-packs.

Further, we intend to focus on health and specialty products by expanding our product portfolio to include such products. We launched flavored milk under our 'KDIL's Kwality' brand during FY 2018, which is fortified with vitamin A and vitamin D and also we have launched long shelf life ambient products – TETRA pack milk, cream, lassi, butter milk. If the products that we launch are not as successful as we anticipate, our business, results of operations and financial condition may be adversely affected.

(₹ in Lakh)

PARTICULARS	2017-18	2016-17	Increase/Decrease%	2016-17	2015-16	Increase/Decrease%
INCOME						
Revenue from Operations	6724.87	6131.26	9.68%	6131.26	5658.28	8.36%
TOTAL SALES	**6724.87**	**6131.26**	**9.68%**	**6131.26**	**5658.28**	**8.36%**
Other Income	13.01	13.31	(2.25%)	13.31	29.41	(54.74%)
TOTAL INCOME	**6,737.88**	**6,144.57**	**9.66%**	**6,144.57**	**5,687.69**	**8.03%**
EXPENDITURE						
Cost of Material Consumed	5190.66	4900.88	5.91%	4900.88	3723.93	31.61%
Excise Duty	0.02	0.04	(50.00%)	0.04	0.00	-
Purchase of stock in trade	662.25	776.89	(14.76%)	776.89	1315.28	(40.93%)
Changes in inventories of finished goods, work in progress	118.79	(167.15)	(171.07)	(167.15)	125.42	(233.27%)
Employees benefit expenses	57.94	37.85	53.08%	37.85	35.83	5.64%
Finance Cost	233.18	169.90	37.25%	169.90	148.32	14.55%
Depreciation and Amortization Expenses	125.56	21.71	478.35%	21.71	22.83	(4.91%)
Other Expenses	205.37	170.74	20.28%	170.74	111.04	53.76%
TOTAL EXPENDITURE	**6593.77**	**5910.86**	**11.55%**	**5910.86**	**5482.65**	**7.81%**
Profit before Tax	144.11	233.71	(38.34%)	233.71	205.04	13.98%
Profit after Tax	**71.11**	**164.30**	**(56.72%)**	**164.30**	**134.62**	**22.05%**

COMPARISON OF FIGURES OF THE MAJOR HEADS OF THE PROFIT AND LOSS STATEMENT, INCLUDING AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE

Comparison of Fiscal 2018 to Fiscal 2017

Total Income
Total Income increased by 9.66% in FY 2018 to Rs. 6737.88 crores from Rs.6144.57 crores over the same period in the previous year. It is mainly because of increase in B2C products and reduction in B2B Segment.

Total Expenditure

Total Expenses during FY 2018 increased by 11.55% in FY 2018 from Rs.5910.86 crores to Rs.6593.77 crores over the same period in the previous year. New unit for value added products was operationalized in February 2017, hence depreciation & interest are fully charged to Profit and Loss account and the operational expenses have been increased due to production the unit.

Revenue from Operations

Revenue from operating income increased by 9.68% in FY 2018 to Rs.6724.87 crores from 6131.26 crores over the same period in the previous year, due to higher contribution of B2C and increasing demand of value added products.

Other Income

Other income decreased by 2.25% in FY 2018 to Rs.13.01 Crores from Rs.13.31 crores over the same period in the previous year due to exchange rate fluctuation and decrease in interest income on Fixed Deposits.

Cost of Material Consumed

Cost of Material Consumed increased by 5.91% in FY 2018 to Rs. 5190.66 Crores from Rs. 4900.88 crores over the same period in the previous year, due to increase in sales and procurement high quality milk at higher price for production of fresh milk and value added product(s).

Purchase of stock in trade

Purchase of stock in trade decreased by 14.76% in FY 2018 to Rs. 662.25 crores from 776.89 cores over the same period in the previous year, because the Company has shifted to B2C business model having less holding period.

Change in inventories of finished goods and work in progress

Change in inventories increased by 171.07% in FY 2018 to Rs. 118.79 crores to Rs. (167.15) crores over the same period in the previous year, due to reduction of inventory level and increasing demand of the product.

Employees Benefit Expenses

Employees Benefit expenses increased by 53.08 % in FY 2018 to Rs. 57.94 crores from Rs.37.85 crores over the same period in the previous year, because the Company has engaged senior qualified professionals across the industry in order to maintain standard and quality of our product(s). Further, issuance of ESOP to employees have also impacted the same.

Finance Cost

Finance Cost increased by 37.25% in FY 2018 to Rs. 233.18 crores from Rs.169.90 crores over the same period in the previous year on account of increase in borrowing cost for establishment of our new unit at Softa, which has started commercial production in February 2017.

Depreciation and Amortization Expenses

Depreciation and Amortization Expenses increased in FY 2018 to Rs. 125.56 crores from Rs.21.71 crores over the same period in the previous year because the Company has started its commercial production in its unit and charged depreciation for the full year.

Other Expenses

Other Expenses increased by 20.28% in FY 2018 to Rs. 205.37 crores from Rs.170.74 crores over the same period in the previous year, due to increased in the power cost and milk processing cost and logistic cost.

Profits before Tax

Profits before tax decreased by 38.34 % in FY 2018 to Rs. 144.11 crores from Rs.233.71 crores over the same period in the previous year. The depreciation of the Company has sharply increased, because of start of commercial production at new plant from February 2017. Further, there is increase in the power & fuel cost and processing charges of Milk due to increase in the B2C segment.

Profits after Tax

Profit after tax decreased by 56.72% in FY 2018 to Rs. 71.11 crores from Rs.164.30 crores over the same period in the previous year. The depreciation of the Company has sharply increased, because of start of commercial production at new plant from February 2017.

Comparison of Fiscal 2017 to Fiscal 2016

Total Income

Total Income increased by 8.03% in FY 2017 to Rs 6144.57 crores from 5687.69 crores over the same period in the previous year, due to shift of business segment from B2B to B2C.

Total Expenditure

Total Expenses during FY 2017 increased by 7.81% in FY 2017 to Rs 5910.86 crores from 5482.65 crores over the same period in the previous year, due to increased in the marketing expenses and employees expenses.

Revenue from Operations

Revenue from operating income increased by 8.36% in FY 2017 to Rs 6131.26 crores from 5658.28 crores over the same period in the previous year, due to shift of business segment from B2B to B2C

Other Income

Other income decreased by 54.74% in FY 2017 to Rs 13.31 crores from 29.41 crores over the same period in the previous year, due to exchange rate fluctuation and interest on fixed deposit.

Cost of Material Consumed

Cost of Material Consumed increased by 31.61% in FY 2017 to Rs 4900.88 crores from 3723.93 crores over the same period in the previous year due to increase in sales volume.

Purchase of stock in trade

Purchase of stock in trade decreased by 40.93% in FY 2017 to Rs 776.89 crores from 1315.28 crores over the same period in the previous year because the company has more concentrated on the manufacturing operation as compared earlier it was more concentrated on trading of product(s).

Change in inventories of finished goods and work in progress

Change in inventories decreased by 233.27% in FY 2017 to Rs (167.15) crores from 125.42 crores over the same period in the previous year due to increase of inventory level because of shifting of business from B2B to B2C Segment.

Employees Benefit Expenses

Employees Benefit expenses increased by 5.64% % in FY 2017 to Rs 37.85 crores from 35.83 crores over the same period in the previous year.

Finance Cost

Finance Cost increased by 14.55% in FY 2017 to Rs 169.90 crores from 148.32 crores over the same period in the previous year due to increase in borrowing cost.

Depreciation and Amortization Expenses

Depreciation and Amortisation Expenses decreased by 4.91% in FY 2017 to Rs 21.71 crores from 22.83 crores over the same period in the previous year.

Other Expenses

Other Expenses increased by 53.76% in FY 2017 to Rs 170.74 crores from 111.04 crores over the same period in the previous year due to increase in other cost involves packaging, advertisement and marketing expenses etc.

Profits before Tax

Profits before tax increased by 13.98 % in FY 2017 to Rs 233.71 crores from 205.04 crores over the same period in the previous year due to increase in margin with respect to shifting of business operation from B2B to B2C segment.

Profits after Tax

Profit after tax increased by 22.05% in FY 2017 to Rs 164.30 crores from 134.62 crores over the same period in the previous year.

Comparison of Fiscal 2016 to Fiscal 2015

Total Income

Total Income increased by 8.96% in FY 2016 to Rs. 5753.64 crores from Rs.5280.57 crores over the same period in the previous year. It is mainly because of increase in sale to retail sector(s).

Total Expenditure

Total Expenses during FY 2016 increased by 8.52% in FY 2016, from Rs.5110.10 crores to Rs. 5545.29 crores over the same period in the previous year, because of aggressive marketing and advertisement expense and also increased in the packing material expenses due to rise in sale of retail sector products.

Revenue from Operations

Revenue from operating income increased by 8.64 % in FY 2016 to Rs. 5724.23 crores from 5269.17 crores over the same period in the previous year, due to higher contribution of B2C and increasing demand of value added products.

Other Income

Other income increased by 157.98% in FY 2016 to Rs.29.41 Crores from Rs.11.40 crores over the same period in the previous year. It includes the amount of exchange fluctuation and interest income on fixed deposits.

Cost of Material Consumed

Cost of Material Consumed decreased by 2.37% in FY 2016 to Rs. 3723.93 Crores from Rs. 3814.37 crores over the same period in the previous year, due to decrease in sales of bulk products.

Purchase of stock in trade

Purchase of stock in trade increased by 22.36% in FY 2016 to Rs. 1315.27 crores from 1074.92 cores over the same period in the previous year, because of increase in export of various products, for which import is done from one country and export to another country.

Change in inventories of finished goods and work in progress

Change in inventories decreased by 229.43% in FY 2016 to Rs. 125.42 crores from Rs. (96.90) crores over the same period in the previous year, due to reduction of inventory level and increasing demand of the product.

Employees Benefit Expenses

Employees Benefit expenses increased by 39.12 % in FY 2016 to Rs. 32.68 crores from Rs.23.49 crores over the same period in the previous year, because the Company has engaged senior qualified professionals across from industry in order to maintain quality and standard of product(s).

Finance Cost

Finance Cost increased by 9.80 % in FY 2016 to Rs. 147.28 crores from Rs.134.14 crores over the same period in the previous year, because of increase in term loans from various lenders.

Depreciation and Amortization Expenses

Depreciation and Amortization Expenses decreased in FY 2016 to Rs. 22.83 crores from Rs. 24.96 crores over the same period in the previous year., because the Company is using the written down value method in respect to the useful life of the assets.

Other Expenses

Other Expenses increased by 20.28% in FY 2016 to Rs. 177.85 crores from Rs.135.12 crores over the same period in the previous year, due to increase in the packing cost and advertisement cost.

Profits before Tax

Profits before tax increased by 20.10 % in FY 2016 to Rs.208.36 crores from Rs.170.46 crores over the same period in the previous year. The Company has aggressively marketed its retail products in the domestic market which resulted higher margin in comparison to product sale at the bulk level .

Profits after Tax

Profit after tax decreased by 56.72% in FY 2016 to Rs. 144.25 crores from Rs.140.930 crores over the same period in the previous year.

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section has been obtained or derived from the report titled "Indian Dairy Marker Report 2017 Edition" released in May, 2017 published by IMARC Services (P) Limited, (the "IMARC Report"). All information contained in the IMARC Report has been obtained by IMARC from sources believed by them to be accurate and reliable. Although reasonable care has been taken by IMARC to ensure that the information in the IMARC Report is true, such information is provided 'as is' without any warranty of any kind, and IMARC in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion. None of the Company, the Book Running Lead Manager and any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. The information in this section must be read in conjunction with "Risk Factors" and "Our Business" on pages 37 and 24, respectively.

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Global Dairy Industry

Current, Historical and Future Trends of Milk and Milk Products Production

The dairy industry is one of the largest and most dynamic global agricultural industries. Dairy farming is an agricultural activity that refers to the production of milk from farm animals. The dairy industry encompasses businesses from the farm gate through to food manufacturing. And dairy products include any food product originally derived from animal milk. Dairy production occurs throughout the world with varying degrees of sophistication, ranging from peasant subsistence production through to commercially astute, automated and integrated corporations.

In 2016, the global production of milk reached figures worth 828.5 Million Tons growing at a CAGR of 2.3% during 2010-2016. The global demand of milk continues to grow driven by several factors. In particular, population growth, rising incomes, urbanization and westernization of diets, in developing countries such as China and India, are leading to increased demand. At a global level, around 66% of the total milk consumption is used for factory us followed by fluid use (33%) and feed use (1%).

Looking forward, we expect the global demand of milk and milk products to grow continuously during the forecast period. Milk supply, however, in China and India, as well as countries within South East Asia and Africa, is not expected to keep pace with this growth. As such, these markets are becoming increasingly important for global dairy companies, who are helping to meet the demand with dairy ingredients, as well as locally produced consumer products. In developed countries, where consumption is already high, there is a more consistent outlook, with demand expected to remain stable. Overall, during 2017-2022, we expect the total production of milk and milk products to grow at a CAGR of 2.0% reaching figures worth 937.1 Million Tons by 2022.

Milk and Milk Products: Production by Country

The European Union represents the largest dairy producing region accounting for 20.3% of the total global production of milk and milk products. The European Union was followed by India (18.3%), the United States of America (11.9%), China (5.7%) and Pakistan (4.9%). Among all the major milk producing countries, India currently represents the fastest growing market. By 2018, we expect India to surpass the European Region and become the world's biggest producer of milk and milk products.

Top Dairy Companies

Dairy companies across the globe can be classified into two categories. The first category consists of companies which have a stronger focus on the procurement and processing infrastructure and have a product portfolio which mainly consists of day-to-day dairy products, example – Dairy Framers of America. Such companies normally operate on low profit margins. The second category consists of companies which have a stronger focus on product innovation and marketing and have a product portfolio which mainly consists of value added and premium dairy products, example - Nestle. Such companies operate on fairly high profit margins.

In terms of milk intake Dairy Farmers of America represented the world's biggest milk processor processing around 27.8 Million Tons of Milk. Dairy Farmers of America was followed by Fonterra Co-operative Group, Lactalis, Nestlé and Arla Foods. Based on the total revenues, however, Nestle represented the biggest dairy company registering revenues worth US$ 25.0 Billion in 2015. Nestle was followed by Lactalis, Danone, Dairy Farmers of America and Fonterra

Nestle currently appears to be the most profitable dairy company among the major dairy companies, whereas, Dairy farmers of America appears to have the lowest margins. This suggests that companies selling value added dairy products generally have higher margins than companies selling plain dairy products.

Indian Dairy Industry- Demand Drivers

Strong Historical and Projected GDP Growth Rates

Since its liberalization during the 90's, India represents one of the world's fastest growing economies. In 2016, the Indian economy reached values over US$ 2.4 Trillion. The country's economic outlook is also expected to remain healthy with India's economy expected to grow at a CAGR of 7.7% during 2017 - 2022. Driven by the sustained growth of the Indian economy, life styles and eating habits of Indian consumers are also expected to increase. This is expected to drive the consumption of dairy products in the country.

Rising Middle Class and Urban Population

Driven by a strong economic growth in the last couple of years, the incomes of Indian households have also increased significantly in the past few decades. From around 8 Million middle class households in 1985, the number of middle class households reached 255 Million in 2015. We expect these figures to reach 586 Million by 2025. As the demand for dairy products is income elastic, a continuous increase in disposable incomes is creating a positive impact on the growth of the dairy Industry. The consumption of dairy products, in particular the organized sector is also dependent upon the level of urbanization. With increasing urbanization levels and busy lifestyles, consumers tend to prefer clean, hygienic and ready to eat products which can be consumed on-the-go. India's urbanization levels have increased significantly over the past few decades which are acting as a catalyst for the growth of the organized dairy market.

Large and Increasing Working Population

Another driver of the organized dairy industry in India is an increasing working population (age 15-64) in the country. This is expected to drive disposable incomes, increase the consumption of ready-to- eat/drink dairy products and drive consumers to eat out or order takeaway foods. From 758 Million in 2010, the total size of the working population reached 826 Million in 2015. We expect India's working population to reach 988 Million by 2030.

Steady rise in demand for value added products to drive strong industry growth

The fluid milk and milk products segment is expected to record 12-13% CAGR between 2016-17 and 2018-19. The Gujarat Cooperative Milk Marketing Federation, with its Amul brand, is the largest organised player in almost all dairy segments. Other major players include Mother Dairy, Nandini, Parag Milk Foods, Tirumala, Hatsun, etc. Entry of new player Patanjali Ayurved, who has forayed into all the dairy segments in a big way with its brands marketed as herbal and ayurvedic products and has major investment plans in the dairy industry, is believed to have a disruptive influence on the traditional giants in the industry.

Strong business potential in almost all the segments of the dairy industry, under-penetrated markets, rising demand for value added products (VAPs), and 100% FDI investment allowance have also led to some foreign players entering the domestic dairy markets. Enhanced focus on VAPs and B2C can be attributed to change in demographics, rising per capita incomes and urbanization trends.

Changing Dietary Patterns

As previously discussed, India's impressive economic growth over the past decades have resulted in per capita income steadily increasing in real terms as well as at market prices both in urban and rural areas. According to the Ministry of Statistics and Programme Implementation, during 2004-05 - 2011-12, the total monthly per capita consumer expenditure on food from rural and urban households increased from 308 and 447 in 2004-05 to 756 and 1121 in 2011-12 respectively. Increasing incomes have also resulted in consumers moving away from inferior cereals such as jowar and bajra to superior grains such as wheat and rice and more recently from cereals to high value food products such as milk, egg, meat, and fruits and vegetables – a natural corollary to the negative income elasticity for cereals in India and positive income elasticity for high quality food. The change is occurring both among rural and urban households. Other factors contributing to the change in the consumption pattern is the increasing urbanization. During the most recent decade, globalization has also played an important role in the transformation of food consumption patterns of Indian households. During 2011-12, in the case of rural households, out of total monthly food expenditure, households spent around 15.2% of their total income on milk and milk products. In the case of urban households these figures were around 16.4. Another trend worth noting is that the per capita monthly expenditure on milk and milk products has increased at a CAGR of 14% and 12% during 2004-05 – 2011-12 for rural and urban households respectively. The per capita expenditure on cereals during the same period was 6% and 7% for rural and urban households respectively. This suggests that with rising income levels Indians are now consuming lesser amounts of cereals and increasing their consumption of milk and milk products. Dairy products such as milk, ghee, curd, paneer, cheese, khoya are extensively used in India to make sweets, meals, beverages etc. Whether it's the morning tea, breakfast, lunch or dinner - dairy products form an integral part of the Indian diet. Dairy products are not only used in traditional Indian recipes but are now also being introduced in western recipes in order to customize them as per Indian tastes. For instance, paneer, a dairy product consumed quite popularly in India is being introduced in western foods such as Pizza's, Burgers, etc.

Milk is Considered a Perfect Health food in India

With a large vegetarian population, milk has traditionally been considered an important health food and a good source of proteins, fats, carbohydrates, minerals and vitamins. Milk has been associated with good health and wellness and, as a result, has driven the country to become the world's largest consumer of milk.

Indian Food and Beverage Industry

The Indian food and beverage Industry was worth an estimated INR 24,333 Billion (US$ 406 Billion) in 2016-17 growing at a CAGR of 15.1% over the last 12 years. According to this data, Milk and milk products represent the second biggest market segment accounting for more than 14% of the total food and beverage market. It should, however, be noted that this data is based on the NSS report and only includes marketed category sales and does not include self-consumption at the producers' end. If we also include self-consumption, then the milk and milk products would represent the largest food and beverage category.

Indian Dairy Industry: Milk Production and Consumption

Current Milk Production and Consumption Trends

From just 17 Million Metric Tons in 1951-52, the total milk production in India reached 162 Million Metric Tons in 2016-17. This enabled the country to become the world's biggest milk producer. Similarly, driven by a steady population growth and rising incomes, milk consumption continues to rise in India. In 2016-17, India with a total consumption of 154 Million Metric Tons represented the world's largest consumer of milk.

Structure of the Indian Dairy Industry The dairy market can be classified in organised and unorganized segments.

Unorganised Dairy Market in India:

The unorganized dairy market in India has been defined to be consisting of milk sold by traditional milkmen (popularly known as dudhias), vendors and self-consumption at home.

Traditional milkmen collect milk individually from farmers and sell it to the consumers. The milk sold by these traditional milkmen is raw or unprocessed.

Out of the total milk produced in India, around 46% is utilised for self consumption.

The Indian dairy market has been historically dominated by the unorganized sector. This trend, however, has been changing in recent years with many cooperatives and private dairies entering into the Indian dairy space.

Organized Dairy Market in India:

The organized dairy market in India consists of the cooperatives and private dairies.

Unlike the unorganized sector, the cooperatives and private dairies have a well-ordered channel of milk procurement and distribution. Milk is sourced from farmers through their collection centre at the village level. After the milk has been collected; it is processed, packed and then finally distributed. Cooperatives and private dairies sell their products to the customer through agents and retailers. Of the total marketable milk, around 30% is processed by the organized sector. A decade back, the cooperatives accounted for most of the milk processed by the organized market. Today, however, contrary to general perception – private dairies account for majority of the total milk processed in the country.

Market for Milk and Value Added Dairy Products in India

Indian Dairy Industry: Market Trends

Current Trends

India represents one of the largest and fastest markets of dairy products. The total size of the dairy market was worth INR 6,911 Billion (US$ 115.2 Billion) in 2016, growing at a CAGR of around 13.0% during 2010-2016. The majority of the market (74.2%) was accounted by the unorganized segment but the penetration of the organized segment is increasing rapidly in the country. During 2010-2016, the organized market grew at a CAGR of 17.5% compared to the 11.7% growth of the unorganized segment during the same period. The unorganized dairy market in India has been defined to be consisting of milk sold by traditional milkmen (popularly known as dudhias), vendors and self-consumption at home.

Market Forecast

Looking forward, we expect the Indian dairy market to maintain a CAGR of 15.6% during 2017 - 2022, reaching values worth INR 16,382 Billion (US$ 273 Billion) by 2022. The organized market is expected to grow at a CAGR of 20.1% during 2017 - 2022, accounting for around 32.5% of the total market by the end of the forecast period. The unorganized market on the other hand is expected to grow at a CAGR of 13.8% during the same period.

Growth in the dairy and milk products industry will be mainly driven by realizations, with faster growth in volume expected only in a few segments such as ice cream, cheese, curd and yoghurt. While higher realization will be mainly driven by rise in milk prices, a change in product mix in many segments will also support growth. For example, in the curd and yoghurt segment, shift from loose plain curd to packaged plain curd, flavoured curd and flavoured yoghurt will support realizations growth. In the cheese segment, increasing use of mozzarella cheese, pizza cheese and cheese slices and spreads with growth in the quick service restaurant industry will drive up realisation. Segments like buttermilk and *lassi*, ghee and paneer have lower presence of branded players vis--vis other value-added product segments like butter and cheese. Though overall volumes in these segments could grow by 3-5%, branded players are likely to see higher growth compared with unorganized entities. Overall, the dairy and milk industry is estimated to grow at 12-13% CAGR until 2018-19, driven by rising milk prices, change in product mix, rising share of branded products and increasing consumption of value-added products.

Overview

Kwality Ltd (Kwality) is one of the largest and fastest growing private dairy companies in India. We manufacture and sell a range of dairy products to institutional customers and retail consumers in India, with special focus on the states of Northern India.

The company is progressing well on the defined path of business transformation from B2B to B2C. We are targeting to achieve around 70% of the total revenue from B2C segment in the next three years' time. We manufacture & sell a diverse range of product(s) including fresh dairy products and value-added products to customers comprising of multiple brands like KDIL's Kwality, Dairy best, Dairy Best wake up, Kream Kountry, LivLite and Meera Premium. The product portfolio includes Fresh dairy products & Consumer products like milk, curd, butter milk, Ghee, skimmed milk powder, whole milk powder, dairy whitener etc. and value-added products such as flavoured milk, tetra pack milk, cream, Lassi and butter milk, etc.

We have owned & leased six milk processing facilities in UP, Haryana & Rajasthan and having 29 milk chilling centres. The new facility at Softa plant, Haryana became operational in February 2017 and is dedicated primarily to the production and manufacture of value added products. The Company is having aggregate milk processing capacity of around 4.3 million litres per day as on March 31, 2018 across our owned and leased processing facility(s). The new facility at Softa, Haryana has a milk handling capacity of around 9 lakh litres per day for the production of value added products such as flavoured milk, UHT milk & Cream, Ghee, butter among others. Our direct procurement of milk from farmers is 26% of the total milk purchased and with the remainder being sourced from third party aggregators.

We have an extensive sales and retail network of more than 60,000 retail outlets (approximately) spread across Northern India to cater to retail consumers. We undertake several marketing and promotional activities to promote our brands and to increase our sales volumes. Our marketing initiatives include advertising in print and electronic media, promoting our brands through tie-ups and outdoor promotional activities directed at retail consumers. Our products are sold through select modern trade stores and E- commerce platforms like Big Basket and Grofers.

In addition to our domestic sales, we export dairy products to various countries of Asia and Far East Countries. Our wholly –owned subsidiary, Kwality Dairy Products, FZE located in DUBAI is engaged in the international trade of a variety of milk-based products and Food Additive. We place significant emphasis on quality control and product safety and have obtained quality control certifications and registrations for our facilities and products including ISO 22000:2005, HACCP-IS: 15000 and AGMARK.

Our Company is recognized through awards and certificated for various initiatives undertaken by the various departments- Kwality has been ranked 8th position in INDIA in FMCG - sector wise & elevated to 185th position from 197th position during last year in revenue wise growth – Fortune India Magazine December 2017 edition. Mr. Sanjay Dhingra, Managing Director, has been ranked 34th among the TOP100 CEO of India as published January, 2018 special edition and ranked 2nd in the FMCG sector. Economic Times CIO 100 Award 2018, presented by Economic Times at CIO Conclave in Hyderabad on 17th March 2018.The Big CIO Award by TRANSCON GLOBAL, Bangalore. Big CIO award is a first of its kind in India to honour top 100 CIO & ICT Leaders. 'Best CISO of the Year Award' awarded by Consumex, Bangalore patronage of Ministry of Electronics and information technology (MEITY). Awarded the prestigious '100 Super Achievers Award' by the World HRD Congress with over 100 Nations participating.

Our Strengths:

We believe that the following are our principal strengths:

Differentiated product portfolio

Over the years we have differentiated our product portfolio, catering to institutional customers as well as retail consumers. Our product portfolio sold to institutional customers comprises of dairy-based ingredients, such as skimmed milk powder, whole milk powder, dairy creamers and butter, which are used in the production of milk and food products. We believe we have developed strong relationships with our institutional customers, including multinational and local fast-moving consumer goods manufacturers, leveraging on the quality of our product portfolio and the strength of our manufacturing facilities.

Our product portfolio sold to retail consumers comprises of branded products in the following categories: milk – pouched milk; milk powders and dairy whiteners; curd and buttermilk – pouched curd and pouched buttermilk; *ghee – Desi ghee*, cow *ghee*, low cholesterol ghee; and value-added products – flavored milk and UHT product in tetra-pack milk, cream and butter milk. An additional unit at our milk processing facility in Haryana dedicated primarily to the production and manufacture of value-added products.

Widespread procurement network and established relationships with farmers

Milk is the key raw material for our manufacturing operations and a continued and sustained availability of good quality milk at competitive prices is essential to the growth of our business. We believe that our widespread milk procurement network and our established relationships with farmers and third party aggregators enable us to obtain a regular supply of quality raw milk. Our supply chain comprises of procurement from third-party aggregators, as well as direct procurement from approximately [350,000] farmers through our procurement network. We procure a significant portion of the raw milk required for our operations from certain contract milk suppliers, with whom we are able to negotiate competitive prices. We procured [26] % and [74] %, respectively, of our milk requirements directly from farmers, with the remainder in each period being sourced from third-party aggregators.

Our direct procurement network comprises of village level collection centres, village service providers automated milk collection units and [29] milk chilling centres, located across 4700 villages in Rajasthan, Haryana and Uttar Pradesh. The automated milk collection units at the village level evaluate the quality of the milk and provide transparency to the pricing of milk purchased by us. Our average daily milk procurement for the financial year 2017-18 was 3.5 million litres per day.

We believe, we enjoy good relationships with the farmers from whom we source our milk, which are strengthened by our outreach and education programs. We engage with farmers by educating them on subjects such as cattle breeding, cattle feed, nutrition, medication, cattle insurance and financing, and also provide training on milking, storage and delivery of milk to milk chilling centres as well as organizing animal health camps and providing high quality cattle feed, supplements and medicines. We have instituted a trained team of veterinary doctors in order to offer timely advice for preventive and curative animal health and artificial insemination to our farmers. In addition, to boost the direct milk sourcing program, the company entered a Memorandum of Understanding (MOU) with IDBI Bank Limited ,wherein IDBI shall extend credit facilities to medium and large milk producers IDBI will also support the establishment of Milk Chilling Center's/Milk Processing Units .Also, entered a Memorandum of Understanding (MOU) with Bank of Baroda, wherein the bank would extend credit facilities for small scale dairy farmers, where each farmer would get maximum loan of Rs.4 lac to help them develop in three key areas which would enable the farmer to meet the milk requirement. These initiatives will enable the company to increase direct procurement of milk from 26% to 50 % in the next three years' time. We believe that our regular engagement and welfare initiatives increase loyalty among farmers in our procurement network and enable consistent procurement of quality raw milk for our operations.

Strong brand recall and distribution network in key markets

We manufacture and sell our wide range of dairy products to institutional customers and retail consumers in India. We sell our various products under multiple brands viz 'KDIL's Kwality' brand, "Dairy Best", "Kream Kountry", "Dairy Best Wake Up", LivLite and "Meera Premium", which we believe are well recognized and have been developed to cater to consumers across sections of the market for dairy based food and beverage products. We also believe that the strength of our brands helps us in many aspects of our business, including expanding to new markets and our exports business, entering into agreements with distributors and retailers and building relationships with our customers, investors and lenders.
In order to boost the market penetration, we utilize, general trade channels that include smaller retail stores, together with certain online platforms for our sales. We have an extensive sales and distribution network, which covers 60K plus retail outlets spread across select states in North India. We undertake several marketing and promotional activities to promote our brands and increase our sales volumes. Our marketing initiatives include advertising in the print and electronic media, promoting our brands through tie-ups and outdoor promotional activities directed at retail consumers. We believe our strong brand presence and extensive sales and distribution network in the NCR, Rajasthan, Uttar Pradesh and Haryana enable us to cater to diverse customer requirements and grow our business effectively.

Modern production facilities with emphasis on quality

We own and operate [two] milk processing facilities, one in Uttar Pradesh and the other in Haryana. In addition, we utilize [four] milk processing facilities, with one located in Rajasthan and three located in Uttar Pradesh, on a [leasehold basis]. We had an aggregate milk processing capacity of [4.3] million litres per day across our owned and leased processing facilities. We endeavour to implement high quality standards at our milk processing facilities and are committed to ensuring consumer safety at all stages of our procurement, processing and production cycle.

We have a unit dedicated primarily to the production and manufacture of value-added products, with a capacity of [0.9] million litres per day, at our milk processing facility at Softa, Haryana. This unit is highly automated and equipped with modern machinery and quality control systems and includes a research and development and testing laboratory. In addition, we have implemented several systems and processes across our operations that assist us in monitoring and controlling quality in our product life-cycle, such as daily quality indexing, food safety certifications, quality audits, vendor quality improvement programs, trials and new product quality assessments are implemented across our business operations. Further, we have some dedicated internal quality control team members. This team is responsible for ensuring compliance with good manufacturing practice guidelines in India.

We have received several quality certifications for our products and production facilities, including certification from FSSAI for milk and cream, skimmed milk powder, butter, curd, butter milk and *ghee*, the AGMARK quality certification from the Government of India for *ghee*, and the ISI quality mark from the Government of India for skimmed milk powder and whole milk powder. We regularly test our products for shelf life, longevity and overall quality under a wide range of environmental conditions. In order to produce and process quality milk products at international standards, our standards for food safety are based on codex standards for hazard analysis and critical control points ("**HACCP**") to ensure safe and quality products for consumers and also, we have obtained ISO 22000:2005 and HACCP-IS:15000 certifications.]

Experienced Management team

Our Company has an experienced management team. The team has demonstrated ability to manage and grow our operations organically in our key geographical areas. Further, we believe that the managements experience has played a crucial role in the growth and development of our business. Their experience has helped us develop relationships with our vendors including farmers for the procurement of milk, institutional customers and our dealers and distributors. In addition, our Promoter and key managerial personnel have enabled us to develop an optimized procurement model and an extensive marketing and sales network. We believe that our management team of qualified and experienced professionals enables us to identify new avenues of growth and helps us to implement our business strategies in an efficient manner and to continue to enhance our product offerings.

Grow our value-added product portfolio

We intend to focus on research and development to distinguish ourselves from our competitors and to enable us to introduce new value-added products based on consumer preferences and demand. We regularly assess consumer demand, evolving market preferences and medical and nutritional aspects of products in order to evaluate the feasibility of potential and new product introductions. We have established a unit at our milk processing facility in Haryana dedicated primarily to the production and manufacture of value-added products such as flavoured milk, UHT milk and cream in tetra-packs. This unit includes a modern research, development and testing laboratory. We intend to increase the share of our value-added product portfolio, which we believe offers us higher profit margins, by leveraging our milk processing capabilities at our unit in Haryana.

Further, we intend to focus on the increasing need for health and specialty products, by expanding our product portfolio to include such products. We launched flavoured milk along with long shelf products range in TETRA pack Milk, Cream, lassi & buttermilk under our 'KDIL's Kwality' brand in FY 2018, which is fortified with vitamin A and vitamin D. We intend to utilize our existing distribution and supply network, and add alternate channels, in order to effectively distribute our value-added products to target retail consumers. We intend to leverage our existing brand recognition and consumer loyalty in key geographical regions and with retail consumers in such regions, in order to increase sales of our value-added products. Further, as part of our growth strategy, we intend to continue to invest in increasing our manufacturing capacities for our existing value-added products as well as enhance manufacturing capabilities for new products, particularly high margin products.

Increase sales to retail consumers

Revenue from sales to institutional customers have historically formed a higher portion of our total revenues than sales to retail consumers. However, we have endeavored to grow our sales to retail consumers in recent years. Revenue from sales to retail consumers constitutes 42% for financial years 2017-18, for 40% 2016-17 respectively. We intend to continue to focus on growing our retail products business and enhance our distribution network with an emphasis on modern trade channels such as super-markets and hyper-markets as well as concept stores, home delivery agent networks, online platforms and hyper-local online delivery services, which are targeted at retail consumers.

Further, we believe that increased brand recognition is a critical sales driver in the competitive dairy industry. In order to grow our sales to retail consumers we launched a formal brand-building initiative in September 2016. We intend to continue to enhance the brand recall of our products through strategic branding initiatives, including through the use of film, television, radio and social media as well as through consumer engagement programs. The advertisement and brand building expenses towards advertising and marketing initiatives were with a view to increase brand recall and capture the demand from the retail segment. As part of our brand positioning initiatives, we have also engaged renowned celebrities from the Indian film industry to act as brand ambassadors for our products. We have also engaged reputed agencies to develop advertisements, to manage public relations and social marketing and to undertake extensive consumer and market research, in order to gauge the various aspects of a product and plan our marketing campaigns. We intend to continue our brand building measures by introducing strategic marketing initiatives and consumer engagement programs in the future. We also intend to target retail consumers in new markets and geographies in India, leveraging our brand recognition.

Increase direct milk procurement

We require raw milk for all our manufacturing operations, which we procure from third-party aggregators as well as direct procurement from farmers through our procurement network. As we continue to evolve our product portfolio and introduce a variety of value-added products, it is critical for us to ensure consistent quality and taste. Over the years, we have endeavoured to increase the supply of milk directly from farmers through our procurement network. For the financial year 2015, direct supply from farmers constituted 12% of our total milk requirements, with third-party aggregators providing the remainder; while, during the year 2017-18 we procured 26% and 74%, respectively, of our milk requirements directly from farmers, with the remainder in each period being sourced from third-party aggregators. We believe direct procurement from farmers allows to obtain fresher and better-quality milk for our manufacturing operations. We intend to continue to increase our direct procurement from farmers to approximately 50% of our milk requirements over the next three years.

We intend to expand our direct procurement network by adding village level collection centres, automated milk collection units and milk chilling centres in Rajasthan, Haryana and Uttar Pradesh. In order to enhance our association with farmers, we intend to continue undertaking various initiatives and providing incentives, including veterinarian support, subsidized animal feed, annual vaccinations and outreach and education programs, together with financial support programs, such as our memorandum of understanding entered into with the Bank of Baroda for the provision of loans to farmers.

Improve operational efficiencies

We intend to continue to increase our operational efficiencies to strengthen our competitive position through the following measures, among others:

- Continued adoption of best practices in line with international standards across our production facilities, drawing on our management's expertise and experience, in order to reduce our operating costs at our production facilities;

- Continue to leverage our technological and research and development capabilities to effectively manage our operations, maintain strict operational controls and enhance quality levels;

- Implement energy saving initiatives that are both cost-efficient and environmentally friendly and identify focus areas for reducing energy and water consumption per liter of milk processed, reducing milk and solid wastage and decreasing emission levels, as part of environmental, health safety and energy certifications]

- Invest in our in-house technology capabilities to develop customized systems and processes to achieve higher efficiencies; and

- Improve staff productivity and efficiency to reduce payroll costs through the use of new technology, streamlined management systems, comprehensive training and performance-linked compensation.

DESCRIPTION OF OUR BUSINESS

Our Business and Operations

Our Product Portfolio

We manufacture and sell a diverse range of dairy products to institutional customers as well as under various brands to retail consumers. Revenue from sales to institutional customers have historically formed a higher portion of our total revenues than sales to retail consumers. However, we have endeavored to grow our sales to retail consumers in recent years.

Products sold to institutional customers

Our product portfolio sold to institutional customers comprises of dairy-based ingredients, such as skimmed milk powder, whole milk powder, dairy creamers and butter, which are used in the production of milk and food products, such as dairy creamers, skimmed milk powder, whole milk powder, Bulk Ghee and, which are used as raw material for manufacture of biscuits and ice-cream, chocolates by our institutional customers. Institutional consumers sell the finished product under their own brands.

Revenue from sales to institutional customers represented 58%, 60% and 68% of our total revenues during the last three financial years i.e. 2018, 2017, 2016 respectively.

Products *sold to retail consumers*

We produce and sell a range of milk and other dairy products to retail consumers under our 'KDIL's Kwality' brand, together with sub-brands such as 'Dairy Best', 'Kream Kountry', LivLite, 'Dairy Best Wake Up' and 'Meera Premium'. The table below details our retail products portfolio:

Product Category	Variants/ Flavors	Stock Keeping Units
Milk	Full Cream milk	Poly pouch: 200 ml, 500 ml, 1 liter and 6 liters
	Toned milk	Poly pouch: 200 ml, 500 ml, 1 liter and 6 liters
	Double toned milk	Poly pouch: 200 ml, 500 ml, 1 liter
	Standard milk	Poly pouch: 500 ml
Milk Powder	Skimmed milk powder	Pouch: 500 g and 1 kg Bag: 25 kg
	Whole milk powder	Pouch: 1 kg Bag: 25 kg
	Dairy Whitener	Pouch: 3 g, 5g, 10 g, 28 g, 200 g, 250 g, 500 g and 1 kg Bag: 25 kg
Curd and Buttermilk	Curd	Cup: 80 g, 100g, 200 g and 400 g Poly pouch: 200 g, 400 g and 1 kg Low fat poly pouch: 200 g and 1 kg
	Buttermilk Butter Milk Masala	Poly pouch: 500 ml Poly Pouch: 400 ml
Ghee	Pure *Ghee*	CEKA/RT-pack: 200 ml, 500 ml and 1 liter Poly pouch: 500 ml and 1 liter Tin container: 500 ml, 1 liter, 2-liter, 5 liter and 15 Kg Poly jar: 200 ml, 500 ml, 1 liter, 2 liters and 5 liters Poly bucket: 15 liters
	Cow *Ghee*	Tetra-pack: 200 ml, 500 ml and 1 liter Poly jar: 200 ml, 500 ml, 1 liter, 2 liters and 5 liters, and 15 Kg Tin
	'LivLite' – Low Cholesterol *Ghee*	Tetra-pack: 1 liter Tin container: 1 liter
	Bulk Butter	20 Kg and 25 Kg
Value-Added Products	UHT milk	TETRA pack 200ml, & 1 litre
	Fortified and flavored milk in the flavors of cardamom (*elaichi*), saffron (*kesar*), almond (*badam*), butterscotch, Thandai, Chocolate and coffee.	Pet bottles 200 ml
	Cream	Tetra pack 200 ml and 1 litre
	Lassi Buttermilk	Tetra Pack 200 ml Tetra Pack 200 ml

Our Production Facilities

We own and operate two milk processing facilities, one in Uttar Pradesh and the other in Haryana. In addition, we utilize four milk processing facilities, with one located in Rajasthan and three located in Uttar Pradesh, on a leasehold basis. As of March 31, 2018, we had an aggregate milk processing capacity of 4.3 million liters per day across our owned and leased processing facilities. The following table provides an overview of our production facilities:

Location	Owned or Leased	Description of Operations
Softa, Haryana, India	Owned	The products produced at the Softa facility are pasteurized milk, skimmed milk powder, whole milk powder, dairy whitener, *ghee,* butter, curd, buttermilk and value-added products.
Dibai, Uttar Pradesh, India	Owned	The products produced at the Dibai facility are skimmed milk powder, whole milk powder and dairy whitener.
Saharanpur, Uttar Pradesh, India[1]	Leased	The products produced at the Saharanpur facility are pasteurized milk, skimmed milk powder, whole milk powder, dairy whitener, *ghee* and butter.
Jarar, Uttar Pradesh, India[2]	Leased	The products produced at the Jarar facility are skimmed milk powder, whole milk powder, dairy whitener, *ghee* and butter.
Sitapur, Uttar Pradesh, India[3]	Leased	The Sitapur facility is used to produce skimmed milk powder.
Ajmer, Rajasthan, India[4]	Leased	The products produced at the Ajmer facility are pasteurized milk, *ghee,* butter, curd and buttermilk.

An additional unit at Softa, Haryana has been dedicated primarily to the production and manufacture of value-added products such as flavored milk, UHT milk and cream in tetra-packs which became operational in February, 2017. This unit is highly automated and equipped with modern machinery and quality control systems and includes a research, development and testing laboratory. Our facility at Dibai, Uttar Pradesh is primary engaged in production of skimmed milk powder, whole milk powder and dairy whitener.

We have implemented several systems and processes across our operations that assist us in monitoring and controlling quality in our product life-cycle, such as daily quality indexing, food safety certifications, quality audits, vendor quality improvement programs, trials and new product quality assessments are implemented across our business operations. Further, we have a dedicated internal quality control team.

For the refrigeration of our products, we have installed a vapor absorption machine, screw compressor and reciprocating compressors, all with variable frequency drives. We have also installed homogenizers, separators and pasteurizers for the processing of milk. We have installed equipment such as continuous butter making machines for the manufacture of butter, kettles for manufacturing ghee, evaporators and dryers for manufacturing milk powders, sterilization equipment for manufacturing beverages such as flavored milk and UHT processing and filling machines. The boilers that we operate at our facilities have variable frequency drives to ensure energy efficiency. Centralized cleaning-in-place units are installed at all units within our production facilities to ensure proper cleaning of equipment.

Milk Procurement

Raw milk is the key raw material for our manufacturing operations and a continued and sustained availability of good quality milk at competitive prices is essential to the growth of our business. Our average daily milk procurement for the financial year 2017-18 was 36 million liters. We follow three distinct models for the procurement of our raw milk requirements: procurement from third-party aggregators where milk collection is once a day without analysis equipment; a hybrid procurement model where we provide third-party aggregators with milk analysis equipment and collection is done twice a day; and direct procurement from farmers where collection is done twice a day at village level collection centres utilizing automated milk collection units and milk analysis equipment and the milk is subsequently collected at milk chilling centres.

Our supply chain comprises of procurement from third-party aggregators, as well as direct procurement from approximately 350,000 farmers through our procurement network. We procure a significant portion of the raw milk required for our operations from certain contract milk suppliers, with whom we are able to negotiate competitive prices. During 2017-18 we procured 26% and 74%, respectively, of our milk requirements directly from farmers, with the remainder in each period being sourced from third-party aggregators.

Our direct procurement network comprises of village level collection centres, village service providers, automated milk collection units and 29 milk chilling centres, located across 4700 villages in Rajasthan, Haryana and Uttar Pradesh. The automated milk collection units at the village level evaluate the quality of the milk and provide transparency to the pricing of milk purchased by us. Each of our facilities develops a pricing policy for the procurement of raw milk, which is dependent on factors such as the market price of raw milk and the fat and solid non-fat content of milk.

Logistics and Transportation to Facilities

We have vehicles which collect raw milk from village level collection centres at prescheduled times and deliver the collected milk to milk chilling centres. The raw milk is tested at the time of procurement in accordance with our quality control procedures. Further, the route of a typical collection vehicle is designed to ensure that the raw milk reaches milk chilling centres within a few hours of collection. The raw milk collected at milk chilling centres is dispatched to all our production facilities in vehicles which have insulated storage capacities. Upon arrival at our facilities, the raw milk is tested for quality by the members of our dedicated quality assurance team.

Other Raw Materials

Power and Water

Our manufacturing operations require a significant amount of power and water and we also require power to refrigerate and store our products at low temperatures. We depend on State electricity supply for our power requirements and we use fuel-based generators to meet exigencies to ensure that our facilities are operational during power failures. We have set up water treatment facilities at our facilities, which are equipped with reverse osmosis, de-mineralization, aero-polishing and softener units.

Quality Control

We are committed to maintain quality standards and consumer food safety in all steps of our procurement, processing and production cycle. We ensure that quality processes are utilized in various facets of the supply chain, such as daily quality indexing, food safety certifications, quality audits, vendor quality improvement program, regulatory processes, training and new product quality tracking. We have a dedicated quality assurance team, which ensures compliance with internal quality standards and that personnel working in all our departments, ranging from procurement to sales and marketing, are adequately trained. Our trained quality assurance inspectors maintain samples and thorough specification documentation for each of our products offered. To ensure compliance with our quality management systems and statutory and regulatory compliance, our quality assurance team is equipped to train our staff on updates in quality, regulatory and statutory standards. We have implemented health and safety standards at our facilities and we regularly train our employees to ensure compliance with these standards.

We procure milk from farmers and milk chilling centres. At village collection centres and chilling centres, quality checks are conducted and milk is tested for fat and solid non-fat content. We regularly test our products for shelf life, longevity and overall quality under a wide range of environmental conditions. Tests are also conducted to check for odours, freshness of milk, the general consistency, colour and taste and for water or oil contamination. We engage third-party logistics providers to bring the raw milk to our facilities, where we conduct laboratory tests and quality checks. At our facilities, milk is tested for fat and solid non-fat content, protein and mineral content, bacterial organisms, antibiotics, pesticides, toxins and other contaminants. We have also implemented stringent quality control standards for third party aggregators. On-site inspections and routine audits are conducted for such aggregators to ensure consistent supply of quality raw materials.

Further, we maintain our facilities and machinery and conduct our manufacturing operations in compliance with applicable food safety standards, laws and regulations and our own internal policies. We also inspect product samples at the assembly line and conduct batch-wise quality inspections on our products to ensure compliance with applicable food safety standards and laws. We utilize sophisticated sampling techniques and statistical methods to enhance the effectiveness of our quality assurance procedures. We conduct sample surveys at retail chains where our products are sold to ensure that our products are properly transported and stored. [We have received several quality certifications for our products and production facilities, including certification from FSSAI for milk and cream, skimmed milk powder, butter, curd, butter milk and *ghee*, the AGMARK quality certification from the Government of India for *ghee*, and the ISI quality mark from the Government of India for skimmed milk powder and whole milk powder. In order to produce and process quality milk products at international standards, our standards for food safety are based on codex standards for HACCP to ensure safe and quality products for consumers and also, we have obtained ISO 22000:2005 and HACCP-IS:15000 certifications.]

Research and Development

We have a research and development team based at our Haryana processing facility to support our product development and process development activities. Our research and development team focusing on introduction of new products in the market to cater to evolving consumer trends and preferences, with an emphasis on value-added products. For example, we launched flavoured milk under our 'KDIL's Kwality' brand in FY 2018, which is fortified with vitamin A and vitamin D. We also conduct research into different composition and ingredients for our processed products, usage of different packaging material and process development aimed at minimizing losses and reducing process cycle time.

Sales, Marketing and Distribution Network

Our principal markets is North India. We utilize Mom and POP shops general trade channels that include smaller retail stores, together with certain online platforms like Big Basket, Grofers for our sales. We have an extensive sales and distribution network, across select states in North India. In order to manage our distribution operations we have developed three 'strategic business units' or divisions, as follows: fresh products division (for pouched milk, *dahi* or curd, *chaach* or buttermilk and paneer), consumer products division (for flavored milk, *ghee*, cheese, table butter and yoghurts) and

institutional sales division (for dairy whiteners, skimmed milk powders, whole-milk powders and bulk milk). Each division is headed by FUNCTIONAL HEAD - A profit manager responsible for its performance.
We undertake several marketing and promotional activities to promote our brands and increase our sales volumes. Our marketing initiatives include advertising in the print and electronic media, promoting our brands through tie-ups and outdoor promotional activities directed at retail consumers. We advertise on television, cinemas, radio, print (magazines, newspapers, and pamphlets), social media and outdoor platforms (bill-boards, signage and hoardings). Our customer engagement activities include product related offers, events and roadshows in residential complexes, health and fitness centres, and commercial complexes including malls, door-to-door sample distribution, and promotional campaigns. We also undertake dealer and retailer level branding and periodic promotional schemes during festivals. For our retail outlets these include activities such as in-shop branding with posters, visible promotional materials such as posters and stand-boards. For our third-party distributors we periodically distribute samples, promotional materials and offer promotional schemes during festivals.

We carry out periodic assessments our brand reputation and the impact and reception of new products launched by us to understand the impact of our marketing campaigns in terms of sales and repeat purchases. The factors assessed include how customers relate to our brands, our brand awareness and recall and our ability to build affinity for our brands. Our marketing team develops marketing and distribution strategies for our products and engages in marketing and promotional activities to promote our brands and increase the sales volumes. As part of our brand positioning initiatives, we have also engaged certain renowned celebrities from the Indian film industry to act as brand ambassadors for our products. We intend to continue our brand building measures by introducing strategic marketing initiatives and consumer engagement programs in the future.

Our Brands

We sell our products to retail consumers under multiple brands viz 'KDIL's Kwality', 'Dairy Best', 'Kream Kountry', 'Dairy Best Wake Up', LivLite and 'Meera Premium', which we believe are well recognized and have been developed to cater to consumers across sections of the market for dairy based food and beverage products.

Our Trading Operations

In addition to our domestic sales, we export dairy products to various across the continents of Asia and Far East Country(s). Our wholly-owned subsidiary, Kwality Dairy Products, FZE located in Dubai in the United Arab Emirates is engaged in the international trade of a variety of milk-based products in order to capitalize on the large market for global trade in dairy products. Kwality Dairy Products, FZE imported dairy products from New Zealand. Revenues generated by Kwality Dairy Products, FZE accounted for financial year 2017-18 is Rs 594.72 Crores.

Employees and Human Resources

We believe our employees and personnel are one of our most important assets and critical to maintaining our competitive position in our key geographical markets and the dairy industry. We have 812 employees across our operations as of July 31, 2018.

We consider ourselves to have good relations with our employees. In addition to compensation that includes salary, allowances (including performance linked bonuses), employee stock options and growth and reward plans, we provide our employees other benefits which include [insurance coverage, medical reimbursements, yearly leave and retirement benefits]. [Our employees are currently not members of any trade unions.] Our human resource policies focus on recruiting talented and qualified personnel, whom we believe integrate well with our current workforce. We have a well-defined hiring process through a panel interview and other assessment techniques. We provide extensive training and guidance, endeavoring to create an environment for professional growth. For example, we have instituted learning facilitators who periodically implement training modules and skill development initiatives for our personnel. We also periodically carry out engagement surveys in order to seek feedback from our employees.

Seasonality

Our operations are affected by seasonal factors since dairy cows typically produce more milk in temperate weather, and extreme cold or hot weather could lead to lower than expected production. Our raw milk procurement and production is therefore higher in the second half of the financial year during the winter months with temperate climate in our milk procurement region.

Environment, Health and Safety

We aim to comply with applicable environmental, health and safety regulations and other requirements in our operations and have adopted an environment, energy, occupational health and safety policy that is aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working at our facilities or under our management. We have implemented an environmental management system in compliance with applicable governmental requirements at our facilities. We emphasize sustainable use of natural and non-renewable resources and regularly assess and attempt to improve operational efficiencies, attempt to minimize consumption of natural resources and reduce consumption of water, energy and emission of carbon dioxide, even as production volumes are sought to be maximized. We evaluate new initiatives that could reduce waste and emissions and actively engage employees to increase awareness about environmental protection and sustainability.

Our Information technology department is continuously making fast progress of all recommendation made by E& Y and have implemented major suggestions. Better IT processes enabled us to meet the business objectives.

We believe that accidents and health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management and our employees. We have implemented work safety measures to ensure a safe working environment at our facilities and to the general public. Such measures include general guidelines for health and safety at our offices and manufacturing facilities, such as accident reporting, wearing safety equipment, maintaining clean and orderly work locations and looking out for and reporting of hazardous situations to supervisors as part of accident prevention.

Information Technology

We believe that investment in IT infrastructure is essential to improve our operational efficiencies and enhance productivity, thus keeping in line with our Companies growth plans. We continue to focus on building and improving our IT capabilities and are in the process of implementing analytics in our procurement processes that could enable us to gain deeper insights like forecasts of commodity price trends that will help us attain a competitive edge. We have recently implemented an enterprise resource planning solution, which we believe will help our decision-making processes by standardizing our processes and supply the tools necessary for our management team in aspects of better performance, longevity, information on real-time basis and enhanced profitability. The solution is designed to help us in the planning and management of our production facilities and to assist in the smooth functioning of finance, sales, stores, purchase, inventory and payroll functions. Our IT capabilities have been developed with an emphasis on automation and with a view to assist in increasing our sales to retail consumers.

We engaged Ernst and Young LLP to meet the ever-growing demands for IT services. The company felt that strong guiding principles are to be followed that will allow for the fulfilment of the Division of Information Technology's mission. It requires innovative strategic thinking before making technology decisions. To meet the IT challenges, company invested in IT strategy with objective to improve technology, communication and service for the business. Accordingly, E& Y prepared the strategic IT roadmap for next 3-5 years and submitted the report. This strategic plan enabled us to explore the digital technologies which when coupled with organizational, operational, and business model innovation will create new ways to operate and grow. E& Y strategic plan enabled the company to achieve the goal in these aspects. Company could realise better IT support, services, systems and resources for the community to achieve the mission. Adopted flexible tools and software applications, for Business processes. The company could key decisions balance the "Build, Buy or outsource" for the selection of major IT products, systems and applications, safe, secure and operational IT foundational infrastructure for current and future technological systems and services, cultivating an IT culture committed to excellence and service.

We have implemented sales force automation to all field force staff. Sales automation is mobile based application. The application enables us to monitor the performance of sales team but also to capture real time activities in the market. The Module is our 'Field-Assist' module which is a cloud-based module based on data-analytics, in order to assist our sales and marketing teams to enhance our sales and distribution network. Also, implemented 'HROne' software, which is an automation based human resource information system across departments and functions. The HROne system is designed to cover key human resources processes including performance management, recruitment, training and development, management, career and succession planning, and compensation and benefits. Our IT security management framework deals with protecting business-critical data and assets from unauthorized access, malicious attacks, theft, and unwanted disclosures. Our information technology resources are hosted at data centres which are subject to appropriate physical and logical access controls. Our information technology resources such as our network, operating system, firewall, software license compliance, applications controls are documented, reviewed and audited internally and by external agencies.

Corporate Social Responsibility

We believe our CSR philosophy is comprehensive, as we have endeavoured to integrate our business strategy with the general wellbeing of our stakeholders. Our CSR activities include productivity enhancement programs, where we undertake activities such as the supply of feed and feed supplements to farmers, undertake clean milk production campaigns, promote herbal solutions for animal health and conduct animal health camps. We also promote preventive health care and capacity building through our farmer induction program, herbal medicine knowledge symposiums and training programs. Furthermore, in order to promote dairy farming as a sustainable source of livelihood and reach a large number of dairy farmers, we have designed a mass media campaign, "Grameen Samvad Karyakram".

We are also engaged in promoting women entrepreneurship programs. Our CSR Committee is responsible for formulating and recommending CSR policies and undertaking CSR activities.

Competition

The dairy industry is growing industry, it provides opportunities for all players to flourish and establish. The dairy industry still dominated by unorganized market, which constitutes more than 74%. According to IMARC report, with the rise in India's population, the market for milk and dairy products is growing at a fast pace. This has led to the entry of several new players, resulting in a competitive market environment. Our products compete with local retailers, non-branded milk products, economy brands and products of other established brands. Further, there is a large unorganized market for milk and dairy products, which caters to a significant portion of the demand in both metropolitan and rural areas.

Awards and Accolades:

In recent times, company was recognized with awards in the space of Information technology & Human Resources for introducing IT enablement and new initiatives. To name a few, IT Department received 5 awards of which Best CISO of the Year Award, 2018, Top 100 InfoSec Maestros Award 2018, Economic times CIO 100 Award. HR team and also recipient of Delhi Best Employer Brand Award 2017, 100 HR Super Achievers Award and also Employee Engagement Leadership Award. Kwality Limited has been ranked at 8th position in India in FMCG (sector wise) & 185th position as in growth (Revenue wise).

Insurance

Our operations are subject to hazards inherent in manufacturing facilities such as risk of equipment failure, work accidents, fire, earthquakes, flood and other force majeure events, acts of terrorism and explosions, including hazards that may cause loss of life, severe damage to and the destruction of property and equipment and environmental damage.

Our principal types of insurance coverage include a cover for all normal risks associated with operations of our business, including fire, accidents and other natural disasters. We typically maintain standard fire and special perils insurance policies for our plants and machineries and building at our processing facilities to cover risks such as fire and other ancillary perils. These insurance policies are generally valid for a year and are renewed annually. Our operations are subject to hazards inherent in our industry and other force majeure events. This includes hazards that may cause injury and loss of life, damage and destruction of property, equipment and environmental damage. Not all risks associated with our business and operations may be insurable, on commercially reasonable terms, or at all. Although we believe that the amount of insurance currently maintained by us represents an appropriate level of coverage required to sure our business and operations, and is in accordance with industry standards in India, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage.

FINANCIAL INDEBTEDNESS

NATURE OF LOAN: TERM LOAN/CORPORATE LOAN

Name of Bank/ Institution	Date of availing	Sanctioned	Disbursed	Amount Outstanding as on 31.03.2018 (Rs. in Crore)
IFCI Limited (Corporate Loan I)	18-Mar-15	100.00	100.00	49.94
Aditya Birla Fin. (TL-I)	30-Jul-15	20.00	20.00	11.33
Aditya Birla Fin (TL-II)	09-Mar-16	15.00	15.00	13.43
KarurVysya Bank	16-Nov-15	30.00	30.00	20.14
Hero Fincorp Limited	30-Oct-15	35.00	35.00	21.31
Mahindra & Mahindra Financial Services Ltd (TL-I)	04-May-16	20.00	20.00	11.93
Mahindra & Mahindra Financial Services Ltd (TL-II)	29-Jun-17	25.00	25.00	21.42
STCI Finance Ltd	07-Aug-17	50.00	50.00	49.87
SICOM Limited	15-Dec-17	25.00	25.00	25.00
Woori Bank	01-Feb-18	19.00	19.00	18.93
Union Bank of India (UK) Limited# (TL-I)	25-Nov-15	9.00MnUSD	9.00MnUSD	8.52MnUSD
Union Bank of India (UK) Limited# (TL-II)	21-Sep-16	5.00MnUSD	5.00MnUSD	4.96MnUSD
KKR India Financial Services Pvt Ltd -TL	28-Jun-16	200.00	200.00	195.31
KKR India Financial Services Pvt Ltd -NCD	28-Jun-16	100.00	100.00	97.68
IFCI Limited (Corporate Loan II)	28-Feb-18	100.00	50.00	49.51
Vehicle Loan from Banks/FIs	-	-	-	2.75

NATURE OF LOAN: WORKING CAPITAL

Name of Bank	Facility	Sanctioned Limits (Rs. In Crores)	Amount Outstanding as on 31.03.2018
BOI Consortium consisting of Bank of India (Lead Bank),Bank of Baroda, Andhra Bank, Allahabad Bank, Corporation Bank, Canara Bank, Syndicate Bank, Central Bank of India, Dhanlakshmi Bank and IDBI Bank	Fund and Non Fund Based Working capital	1126.43	1023.98

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The composition of our Board of Directors is governed by the provisions of the Companies Act, 2013 the rules prescribed there under, the SEBI Listing Regulations and the Articles of Association. The Articles of Association provide that the number of directors shall not be less than 3 and more than 12 unless otherwise approved by the shareholders in a general meeting. We currently have 6 (six) Directors on our Board comprising of 3 (three) Executive Directors, and 3 (three) Non-Executive Non-Independent Director.

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total numbers of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. The nominee Directors are non-rotational directors. A retiring Director is eligible for re-election. Further, pursuant to the Companies Act 2013, the independent directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to re-appointment. Any re-appointment of independent directors shall be on the basis of, inter alia, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

Sr. No.	Name , Nationality, Occupation	Age (in years)	Designation	DIN	Term	Address
1.	Dr. Rattan Sagar Khanna **Nationality:** Indian **Occupation:** Professional	73	Chairman and Non-Executive Independent Director	03073914	Five years from August 12, 2014	1153, Sector-28, Faridabad, Haryana-121001
2.	Sanjay Dhingra **Nationality:** Indian **Occupation:** Business	47	Managing Director	00025376	Five years from September 30, 2013	House No - 14, Ground Floor,, Road No - 8, Punjabi Bagh, New Delhi, 110026
3.	Manjit Dahiya **Nationality:** Indian **Occupation:** Professional	55	Whole-time Director	07182188	Five years from May 12, 2015	H No. 1157 , Near Community Center, Sector 10-A, Gurgaon, Haryana-122001
4.	Dr. Kuldeep Sharma **Nationality:** Indian **Occupation:** Professional	65	Whole-time Director	07689428	Five years from October 25, 2017.	Flat No. 333, Plot No. 15,Great India Apartments, Dwarka, Sec-6, New Delhi-110016
5.	Ms. Swati Charurvedi **Nationality:** Indian **Occupation:** Professional	42	Non-Executive Independent Director	08187298	Five Years from July 28, 2018.	C-0004, Home-121, Sector-121, Gautam Budh Nagar, Noida-201301, Uttar Pradesh
6.	Mr. Akhilesh	42	Non-Executive	08210752	Five years from	91 G , III rd Floor, R-

Sr. No.	Name , Nationality, Occupation	Age (in years)	Designation	DIN	Term	Address
	Kumar Mishra **Nationality:** Indian **Occupation:** Professional		Independent Director		September 01, 2018	Block, Dilshad Garden, New Delhi-110095

Brief Profile of the Directors

Mr. Rattan Sagar Khanna, Independent Director

Mr. **Rattan Sagar Khanna** (DIN: 03073914), aged about 73 years, is an Independent and Non-Executive Director of the Company. He has a number of educational achievements to his name, including a Bachelor of Veterinary Science and Animal Husbandry degree from Punjab Agricultural University, a Masters of Science (with Honors) degree from Punjab Agricultural University. He holds a postgraduate diploma in Semen Freezing, Andrology and Gynaecology from the Royal Veterinary and Agriculture University, Copenhagen, Denmark, a postgraduate diploma in Farm and Science journalism from the Institute of Farm & Science Journalism, New Delhi. He has also done courses related to management and business studies from IIM, Bangalore, M.S. University of Baroda and the National Productivity Council, New Delhi. He has also attended and participated in various symposiums related to the dairy industry and is a CEC Member of Indian Dairy Association. He has been associated with our Company since 2014 and before joining our Company, he was associated with numerous other reputed organizations.

Mr. Sanjay Dhingra, Executive- Managing Director

Mr. Sanjay Dhingra (DIN: 00025376), aged around 47 years, is the Managing Director of the Company. Kwality Limited is managed by the Board of Directors headed by Shri Sanjay Dhingra He is having 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.

Mr. Manjit Dahiya, Executive-Whole Time Director

Mr. Manjit Dahiya (DIN: 07182188), aged about 55 years, is the Whole Time Director of the Company. He holds a Bachelor of Science in Dairying degree from Kurukshetra University. He has been associated with our Company since 2015. He is having responsible for bringing lots of reforms in SMP, Ghee, Cheese, Paneer, Dairy Whitener and other dairy products which prove to be a boon for the company.

Dr. Kuldeep Sharma, Executive- Whole Time Director

Dr. Kuldeep Sharma (DIN: 07689428), aged about 65 years, is the Whole Time Director of the Company. He has over 40 years of experience in knowledge management of scientific and Agricultural/Dairy Journalism, scriptwriting, direction, compeering and presentation of TV programs and Films pertaining to agriculture, rural development and scientific subjects. Number of awards have been won by these films.

As a Director of Directorate of Knowledge Management of Agriculture (ICAR), he has been regular in writing his various books on science and Agriculture including others. More than 80 of his books, bulleitens, reports etc. were edited and published for ICAR at different places like DKMA(ICAR), IARI(New Delhi) and CPRI(Shimla).

Under Print Media, he has done Revision and printing of ICAR’s most prestigious publication “HANDBOOK OF AGRICULTURE” (2007), “Handbook of Fisheries and Aquaculture”(2006), Biofertilizer in sustainable agriculture (2006), Text book of Drainage Engineering (2005).

Under Electronic Media, he has been involved in Doordarshan's renowned agricultural program Krishi Darshan as anchor, script-writer and V/O artist since 1980. He had also active participation in various other programmes like Kissan, Vikas Kioor, Nayi Raahen, Pariyaavaran among others.

He has also bagged various National and International Awards in Agriculture, Science and Medical Photograph's, Lifetime achievement in science writing, Best Script Award for Bailgadi among various others.

Ms. Swati Chaturvedi, Independent Director

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.

Mr. Akhilesh Kumar Mishra, Independent Director

Mr. Akhilesh Kumar Mishra (DIN-08210752), aged 42 years, Qualification B.Sc.(Hons), FCS , is a member of The Institute of Company Secretaries of India. He is having long around two decades significant exposure to all sorts of Secretarial affairs, legal and statutory compliances under various Acts/ Statutes, including compliances of legislations relating to NSE, BSE, MCX-SX, MCX, NCDEX, and CDSL.Mr. Mishra had been efficaciously involved in set up of various corporate entities of national and International stature.

Relationship with Other Directors

None of our Directors are related to each other

Borrowing Powers of our Board.

Our Company has, pursuant to the special resolution passed by the shareholders of the Company dated September 24, 2014 authorized the Board to borrow moneys from time to time, whether as rupee loans, foreign currency loans debentures, bonds and/ or other instruments or non-fund based facilities or in any other form (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from the banks, financial institutions, investment institutions, mutual funds, trusts or other bodies corporate or from any other source, located in India or abroad, whether unsecured or secured, on such terms and conditions as may be considered suitable by the Board up to an amount, the aggregate outstanding of which should not exceed, any given time, ₹ 30,000 million.

Interest of the Directors

All of the independent Directors, and non-executive Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or committees thereof, as well as to the extent of reimbursement of expenses, and the Chairman and the executive Directors of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered. Further, our Directors may also be interested in our Company to the extent of reimbursement of expenses payable to them. The company has also approved payment of commission to the non-executive directors through special resolution passed in the Annual General Meeting of the company held on September 30, 2015. However the company has not yet make any payment of commission to the non-executive directors.

None of the Directors have any interest in any property acquired by our Company within two years from the date of this Preliminary Placement Document or proposed to be acquired by our Company.
No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director, or otherwise for services rendered by him/her or by such firm or company, in connection with the promotion or formation of our Company.

Except as provided in "Financial Statements" at page 142, and except as disclosed below in this Preliminary Placement Document, our Company has not entered into any contract, agreement or arrangement during the three Financial Years immediately preceding the date of this Preliminary Placement Document, in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them.

As on the date of this Preliminary Placement Document, there are no outstanding loans which have been extended by our Company to any of the Directors. However, the Company has given salary advance to the Directors, as per the Company's policy.

As on the date of this Preliminary Placement Document, the Directors of the Company have not advanced any loans to our Company.

Shareholding of Directors
The following table sets forth the shareholding of the Directors in our Company as on 24th August, 2018:

Name	Number of Equity Shares	Percent of the issued and paid-up Equity Share capital (in %)
Mr. Sanjay Dhingra	92461397*	38.31
Mr. Manjit Dahiya	0	Nil
Dr. Kuldeep Sharma	0	Nil
Mr. Rattan Sagar Khanna	0	Nil
Ms. Swati Chaturvedi	0	Nil
Mr. Akhilesh Mishra#	0	Nil

*** Out of 92461397 equity shares held by Mr. Sanjay Dhingra, 84736000 equity shares were pledged. Further out of 84736000 equity shares shown as pledge, 18000000 equity shares has been transferred in the respective demat account of plegdee as a collateral securities.**
 # Mr. Akhilesh Mishra appointed as director with effect from September 01, 2018.

Terms of appointment of the Executive Director

S. No.	Name	Terms of Appointment
1.	Mr. Sanjay Dhingra (Managing Director)	(i) Period of Appointment: Five years with effect from July 14, 2018 to July 13, 2023. (ii) Remuneration: Rs. 1,30,20,000 per annum. **(ii) Allowance and Perquisites:** In addition to Basic Salary, the Managing Director will be entitled to allowances and perquisites in the nature of accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses and/ or allowance for utilization of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family including dependents; club fees, medical insurance and such other perquisites and/or allowance not exceeding Rs. 10,00,000/- (Rupees Ten Lakhs Only) Per Annum. The said perquisites and allowance shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules there under or any statutory modification(s) or re-enactment thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at the actual cost. (iii) Other Benefits: The Managing Director may also eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above: (a) Company's contribution to Provident Fund, Superannuation Fund, and Annuity Fund as per the rules of the Company to the extent these

		rules singly or put together is not taxable under the Income Tax Act, 1961. (b) Gratuity as per the rules of the company. (c) Leave with full pay as per the company's rules. (d) Encashment of leave at the end of the tenure.
2.	Mr. Manjit Dahiya (Whole Time Director)	(i) Period of Appointment: Five years with effect from May . (ii) Remuneration: Rs. 43,65,804 per annum. **Other Perquisites:** 1. Reimbursement of medical expenses actually incurred for self and family, subject to a ceiling of `1,250/- p.m. 2. Mediclaim Policy for self and Family as per policy of Company. 3. Leave travel concession/ allowance for self and family as per rules of the Company. 4. Leave on full pay and allowance, as per the rules of the Company. 5. Benefits of Provident Fund and Pension/ Superannuation Fund, if provided, however that the contribution to Provident Fund, Pension/ Superannuation Fund will not be considered or included for the computation of ceilings on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act. 6. Gratuity, not exceeding half a month salary for each completed year of service and as per the rules of the company 7. Conveyance Allowance, reimbursement of car with driver and maintenance subject to ceiling of `1,600/- p.m.
3.	Dr. Kuldeep Sharma (Whole Time Director)	(i) Period of Appointment: 5 years with effect from October 05, 2017 to October 24, 2022. (ii) Remuneration: ₹ 14,05,800 per annum. **Other Perquisites:** 1. Reimbursement of medical expenses actually incurred for self and family, subject to a ceiling of Rs.1,250/- p.m. 2. Mediclaim Policy for self and Family as per policy of Company. 3. Leave travel concession/ allowance for self and family as per rules of the Company. 4. Leave on full pay and allowance, as per the rules of the Company. 5. Benefits of Provident Fund and Pension/Superannuation Fund, if provided, however that the contribution to Provident Fund, Pension/Superannuation Fund will not be considered or included for the computation of ceilings on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act. 6. Gratuity, not exceeding half a month salary for each completed year of service and as per the rules of the company 7. Conveyance Allowance, reimbursement of car with driver and maintenance subject to ceiling of Rs. 1,600/- p.m.

Payment or benefit to Directors of our Company

The sitting fees/other remuneration paid to our Directors the Financial Years 2018, 2017 and 2016 is as follows:

Remuneration/ Compensation paid to Executive Directors:

S. No.	Name of Director	Remuneration for the Financial Year 2017-18	Remuneration for the Financial Year 2016-17	Remuneration for the Financial Year 2015-16
1	Mr. Sanjay Dhingra	130.20	130.20	130.20
2	Mr. Manjit Dahiya	44.00	21.17	18.78
3	Dr. Satyendra Kumar Bhalla[1]	13.81	40.00	19.25
4	Dr. Kuldeep Sharma[2]	6.27	NIL	NIL
5	Sidhant Gupta[3]	NIL	NIL	8.33

1. *Dr. Satyendra Kumar Bhalla resigned from the position of whole-time Director of the Company with effect from October 25, 2017 and same has been accepted by Board of Directors in its meeting held on dated October 25, 2017.*
2. *Mr .Kuldeep Sharma appointed as whole-time Director by Board of Directors of the Company in its meeting held on dated October 25, 2017.*
3. *Mr. Sidhant Gupta resigned from the position of Directorship of the Company with effect from 11th July, 2018.*

2. **Remuneration to Non-Executive Directors:**

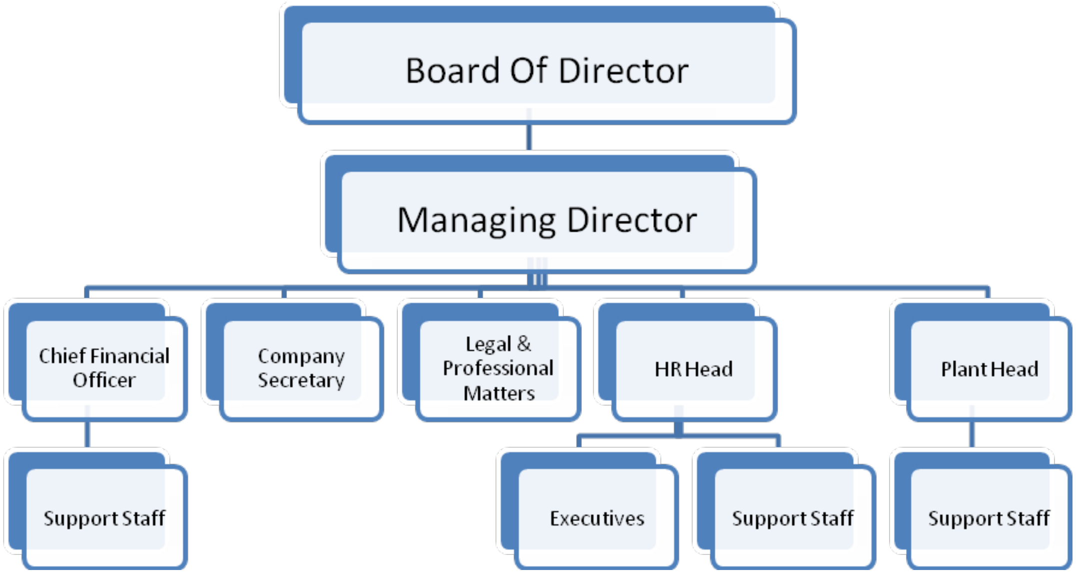
The table below sets forth the details of the aggregate compensation (including sitting fees and commission) paid by our Company to its non-executive Directors during the current Financial Year and each of the preceding three Financial years:

(₹ in Lakhs)

S. No.	Name of Director	Sitting fees for the Financial Year 2017-18	Sitting fees for the Financial Year 2016-17	Sitting fees for the Financial Year 2015-16	Sitting fees for the Financial Year 2014-15
1	Mr. Sidhant Gupta[1]	0.60	0.80	8.33 *	100.00 *
2	Mr. Rattan Sagar Khanna	0.50	0.80	1.50	0.80
3	Ms. Ankita Mehrotra	0.60	0.70	0.30	NIL
4	Ashok Kumar Gupta[2]	NIL	0.30	NIL	NIL
5	Arun Srivastava[3]	NIL	0.20	1.50	1.30
6	Pinky Singh[4]	NIL	NIL	1.20	NIL
7	Akhilesh Mishra[5]	NIL	NIL	NIL	NIL

1. *Mr. Sidhant Gupta resigned from the position of Directorship of the Company with effect from 11th July, 2018.*
2. *Mr. Ashok Kumar Gupta resigned from the position of Directorship of the Company with effect from 28th October, 2016.*
3. *Mr. Arun Srivastava resigned from the position of Directorship of the Company with effect from 14th June, 2016.*
4. *Ms. Pinky Singh resigned from the position of Directorship of the Company with effect from 23rd January, 2016.*
5. *Mr. Akhilesh Mishra appointed as director with effect from September 01, 2018.*

Organization Chart of our Company



Key Management Personnel

The following are the Key Management Personnel in the Company as on date of this Preliminary Placement Document:

S. No.	Name	Age	Designation
1	Mr. Sanjay Dhingra	47	Managing Director
2	Mr. Manjit Dahiya	55	Whole Time Director
3	Dr. Kuldeep Sharma	65	Whole Time Director
4	Mr. Pradeep K. Srivastava	44	Company Secretary and Compliance Officer
5	Mr. Satish Kumar Gupta	64	Chief Financial Officer

For detail resume of Mr. Sanjay Dhingra, Mr. Manjit Dahiya and Dr. Kuldeep Sharma, please refer to page no. 90 of this Document.

Mr. Pradeep K Srivastava, aged 44 years holds a Bachelor of Law degree from Ch. Charan Singh University, Meerut and has been a member of the Institute of Company Secretaries of India since 2005. He has been associated with our Company since 2015. He is having an experience of more than 15 years in the field of legal and secretarial matter. His primary area of responsibility within the Company is to look after secretarial matter.

Mr. Satish Kumar Gupta, aged about 64 years is Chief Financial Officer of Kwality Limited. He is qualified Chartered accountant from The Institute of Chartered Accountants of India. Mr. Gupta comes on board with rich experience of over 35 years across various level in Finance & Accounts. Before joining us, he served various companies of repute at several capacities which includes being CFO (GROUP) with Rimjhim Group, CFO (GROUP) with Hind Group, GM with Havells India, Director Finance with Scooters India, Paam Pharmaceuticals, Helpage India (NGO) and with Darshan Group etc. He has overall worked as Director Finance for more than 20 years in various corporates including PSU of Central Govt. of India & represented the Board.

Shareholding of Key Managerial Personnel as on 24th August, 2018.

Name	Number of Equity Shares	Percent of total number of outstanding Equity Shares (in %)
Mr. Sanjay Dhingra	92461397*	38.31
Mr. Manjit Dahiya	NIL	NIL
Dr. Kuldeep Sharma	NIL	NIL
Mr. Pradeep K Srivastava	NIL	NIL
Mr. Satish Kumar Gupta	NIL	N.A

*** Out of 92461397 equity shares held by Mr. Sanjay Dhingra, 84736000 equity shares were pledged. Further out of 84736000 equity shares shown as pledge, 18000000 equity shares has been transferred in the respective demat account of plegdee as a collateral securities.**

Interest of Key Managerial Personnel

The Key Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration, allowances perquisites or benefits to which they are entitled to as per their terms of appointment and the reimbursement of expenses incurred by them during the ordinary course of business.

Corporate Governance

Our Board presently consists of 6 Directors. In compliance with the requirements of the SEBI Listing Regulations, Our Board consists of 3 independent Directors. Our Company is in compliance of the provisions in respect of corporate governance as requirements under Chapter IV of the SEBI Listing Regulations.

Other Confirmations

None of the Directors, Promoters or Key Managerial Personnel and senior management personnel of our Company has any financial or other material interest in the Issue and there is no effect of such interest as is different from the interest of other persons.

Neither our Company, nor the Directors or Promoters have ever been identified as willful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the RBI.

Neither our Company, nor the Directors or Promoters have been debarred from accessing capital markets under any order or direction made by the SEBI.

Employee Stock Option Schemes

Our ESOP Plan has been prepared in accordance with the SEBI ESOP Regulations, Companies Act, 2013, and the rules framed thereunder.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Prohibition of Insider Trading Regulations, as per which, the Company Secretary of our Company is the Compliance Officer for the purposes of this code.

Related Party Transactions

For details in relation to the related party transactions entered into by our Company during the last three Financial Years, immediately preceding the year of circulation of this Preliminary Placement Document, see "Financial Statements" on page 142.

PRINCIPAL SHAREHOLDERS

I. The following table sets forth the details regarding the shareholding pattern of our Company, as on 24th August, 2018:

Category (I)	*Category of shareholder (II)*	*Nos. of shareholders (III)*	*No. of fully paid up equity shares held (IV)*	*No. of Partly paid-up equity shares held (V)*	*No. of shares underlying Depository Receipts (VI)*	*Total nos. shares held* **(VII)** *= (IV)+(V)+ (VI)*	*Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)*	*Number of Voting Rights held in each class of securities (IX)*				*No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)*	*Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)*	*Number of Locked in shares* **(XII)**		*Number of Shares pledged or otherwise encumbered (XIII)*		*Number of equity shares held in dematerialized form* **(XIV)**
								No of Voting Rights			*Total as a % of (A+B+C)*			*No. (a)*	*As a % of total Shares held* (b)	*No. (a)*	*As a % of total Shares held (b)*	
								Class eg: X	*Class eg: Y*	*Total*								
A	Promoter & Promoter Group	1	92461397	0	0	92461397	38.31	92461397	0	92461397	38.31	0	38.31	0	0	84736000	91.64	92461397
B	Public	92618	148892985	0	0	148892985	61.69	148892985	0	148892985	61.69	0	61.69	5195766	3.49	6655818	4.47	145489772
C	Non Promoter- Non Public	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0		0
C1	Shares underlying DRs	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
C2	Shares held by Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0	0	0	0
	Total	92619	24,13,54,382	0	0	24,13,54,382	100.00	24,13,54,382	0	24,13,54,382	100.00	0	100.00	5195766	2.15	91391818	37.87	237951169

II. The following table sets forth the details regarding the shareholding of the Promoter and Promoter Group as on August 24, 2018:

	Category & Name of the Shareholders (I)	*No. of shareholder (III)*	*No. of fully paid up equity shares held (IV)*	*Partly paid-up equity shares held (V)*	*Nos. of shares underlying Depository Receipts (VI)*	*Total nos. shares held* **(VII = IV+V+VI)**	*Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)*	*Number of Voting Rights held in each class of securities (IX)*				*No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)*	*Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)) = (VII)+(X) as a % of A+B+C2*	*ber of Locked in shares (XII)*		*Number of Shares pledged or otherwise encumbered (XIII)*		*Number of equity shares held in dematerialized form*
								No of Voting Rights			*Total as a % of Total Voting rights*			*No. (a)*	*As a % of total Shares held (b)*	*No. (a)*	*As a % of total shares held (b)*	*(XIV)*
								Class X	*Class Y*	*Total*								
A1)	Indian																	
a	Individuals	1	92461397	0	0	92461397	38.31	92461397	0	92461397	38.31	0	38.31	0	0	84736000	91.64	92461397
	Sanjay Dhingra		92461397	0	0	92461397	38.31	92461397	0	92461397	38.31	0	38.31	0	0	84736000	91.64	92461397
b	HUF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c	Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d	Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
f	Body Corporate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total A1	1	92461397	0	0	92461397	38.31	92461397	0	92461397	38.31	0	38.31	0	0	84736000	91.64	92461397
A2)	Foreign																	

	Individuals Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Foreign Investor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Any Other (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total Shareholding of Promoter (A)(1)+(A)(2)	1	92461397	0	0	92461397	38.31	92461397	0	92461397	38.31	0	38.31	0	0	84736000	91.64	92461397

III. The following table sets forth the details regarding the shareholding of persons belonging to the public category as on August 24, 2018:

	Category & Name of the Shareholders (I)	*Nos. of shareholder (III)*	*No. of fully paid up equity share s held (IV)*	*Partly paid-up equity shares held (V)*	*Nos. of shares underlying Depository Receipts (VI)*	*Total nos. shares held VII = IV+V+VI*	*Shareholding % calculate d as per SCRR, 1957 As a % of (A+B+C2) VIII*	*Number of Voting Rights held in each class of securities (IX)*				*No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)*	*Total shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)*	*Number of Locked in shares (XII)*		*Number of Shares pledged or otherwise encumbered (XIII)*		*Number of equity shares held in dematerialized form (XIV)*
								No of Voting Rights			*Total as a % of Total Voting rights*			*No. (a)*	*As a % of total Shares held (b)*	*No. (Not applicable) (a)*	*As a % of total shares held (Not applicable) (b)*	
								Class X	*Class Y*	*Total*								
B1)	Institutions																	
(a)	Mutual Funds/	1	42	0	0	42	0.00	42	0	42	0.00	42	0.00	0	0	0	0	42
(b)	Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Alternate Investment Funds	4	959977	0	0	959977	0.40	959977	0	959977	0.40	959977	0.40	0	0	0	0	959977
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Foreign Portfolio Investros	18	22251407	0	0	22251407	9.22	22251407	0	22251407	9.22	22251407	9.22	0	0	0	0	22251407
	Matthews Emerging Asia Fund	0	2533204	0	0	2533204	1.0496	12921190	0	2533204	1.0496	0	1.0344	0	0	0	0	2533204
	Letko Brosseau Emerging Markets Equity Fund		14100000	0	0	14100000	5.84	14100000	0	14100000	5.84	14100000	5.84	0	0	0	0	1,41,00,000
(f)	Financial Inst/banks	3	546452	0	0	546452	0.23	546452	0	546452	0.24	546452	0.24	0	0	0	0	546452
(g)	Insurance Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
(h)	Provident Funds/ Pension Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(i)	Any other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub-total (B)(1)	26	23757878	0	0	23757878	9.84	0	0	23757878	9.84	0	9.84	0	0	23757878	9.84	23757878
B(2)	Central Govt /state Govt/ President Of India	1	20000	0	0	20000	0.01	0	0	20000	0.01	0	0.01	0	0	0	0	20000
	Sub-total (B)(2)	1	20000	0	0	20000	0.01	0	0	20000	0.01	0	0.01	0	0	0	0	20000
B(3)	Non-institutions																	
(a)	(i) Individual- Holding Nom. Val. upto Rs.2 lakhs	88223	71275166	0	0	71275166	29.53	71275166	0	71275166	29.53	0	29.53	0	0	534802	0.75	67877095
	(ii) Individual- Holding Nom. Val. Greater than Rs.2 lakhs	24	8796270	0	0	8796270	3.64	8796270	0	8796270	3.64	0	3.64	0	0	854999	9.72	8796720
	Any Other (specify)																	

(b)	Nbfc Registered With Rbi		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Employees Trust		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Overseas Depository Holding DRs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Any other																	
	Other Bodies Corporate	831	31798023	0	0	31798023	13.17	31798023	0	31798023	13.17	0	13.17	5195766	16.34	5253517	16.52	31792881
	Bennet Colemen And Company Limited		3437419	0	0	3437419	1.4242	3437419	0	3437419	1.4242	0	1.4037	2169762	63.1218	0	0	1267657
	Vistra ITCL India Limited		13026766	0	0	13026766	5.40	13026766		13026766	5.40		5.40	0	0	0	0	13026766
	Other-Trusts	3	285400	0	0	285400	0.12	285400	0	285400	0.12	0	0.12	0	0	0	0	285400
	Other-Clearing Members	221	2626170	0	0	2626170	1.09	2626170	0	2626170	1.09	0	1.09	0	0	0	0	2626170
	Other Non-Resident Indian (NRI)-Non Repatariable	327	1254298	0	0	1254298	0.52	1254298	0	1254298	0.52	0	0.52	0	0	0	0	1254298
	Other Non-Resident Indian (NRI)-Repatariable	962	3566503	0	0	3566503	1.48	3566503	0	3566503	1.48	0	1.48	0	0	0	0	3566503
	Other - Individual HUF	1999	3434416	0	0	3434416	1.42	3434416	0	3434416	1.42	0	1.42	0	0	0	0	3434416
	Other-IEPF Authority	1	2078411	0	0	2078411	0.86	2078411	0	2078411	0.86	0	0.86	0	0	0	0	2078411
	Sub-total (B)(3)	92591	125115107	0	0	125115107	51.84	125115107	0	125115107	51.84	0	51.84	5195766	4.15	6655818	5.32	121711894
	Total Public Shareholding	92618	148892985	0	0	148892985	61.69	148892985	0	148892985	61.69	0	61.69	5195766	3.49	6655818	4.47	145489772

IV. The following table sets forth the details regarding the shareholding of the non-promoter non-public shareholders as on August 24, 2018

	Category & Name of the Shareholders (I)	*No. of shareholder (III)*	*No. of fully paid up equity shares held (IV)*	*Partly paid-up equity shares held (V)*	*Nos. of shares underlying Depository Receipts (VI)*	*Total no. shares held (VII = IV+V+VI)*	*Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)*	*Number of Voting Rights held in each class of securities (IX)*				*No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)*	*Total shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)*	*Number of Locked in shares (XII)*		*Number of Shares pledged or otherwise encumbered (XIII)*		*Number of equity shares held in dematerialized form (XIV) (Not Applicable)*
								No of Voting Rights			*Total as a % of Total Voting rights*							
								Class X	*Class Y*	*Total*				*No.*	*As a % of total Shares held*	*No. (Not applicable)*	*As a % of total share s held (Not applicable)*	
1	Custodian/DR Holder	0	0	0	0	0	0.00	0	0	0	0.00		0.00		0.00			0
2	Employee Benefit Trust (under SEBI (Share based 2014)	0	0	0	0	0	0.00	0	0	0	0.00		0.00		0.00			0
	Total Non-Promoter-Non Shareholding	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0

V. Details of disclosure made by the trading members holding 1% or more of the total no. of shares of our Company as on August 24, 2018

Name of the trading member	Name of the beneficial owner	No. of shares held	% of total no. of shares	Date of reporting by the trading member
NIL	NIL	NIL	NIL	NIL

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Key Regulations in Relation to the Milk Production Sector in India:

The Food Safety and Standards Act, 2006 (*the *"FSSA")

The FSSA, enacted on August 23, 2006, seeks to consolidate the laws relating to food and establish the Food Safety and Standards Authority of India (the "**FSSAI**") for setting out scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The standards prescribed by the FSSAI include specifications for ingredients, contaminants, pesticide residue, biological hazards and labels. Under section 31 of the FSSA, no person may carry on any food business except under a license granted by the FSSAI. The FSSA sets forth the requirements for licensing and registering food businesses in addition to laying down the general principles for safety, responsibilities and liabilities of food business operators. The enforcement of the FSSA is generally facilitated by 'state commissioners of food safety' and other officials at a local level.

Under section 51 of the FSSA, any person who manufactures food sub-standard food for human consumption is liable to pay a penalty which may extend up to 5.00 lakh, FSSA has defined sub-standard as, an article of food which doesn't meet the specified standards but not so as to render the article of food unsafe. The provisions of the FSSA require every distributor to be able to identify any food article by its manufacturer, and every seller by its distributor that should be registered under the FSSA and every entity in the sector is bound to initiate recall procedures if it finds that the food marketed has violated specified standards. Food business operators are required to ensure that persons in his employment do not suffer from infectious or contagious diseases. The FSSA also imposes liabilities upon manufacturers, packers, wholesalers, distributors and sellers requiring them to ensure that *inter alia* unsafe and misbranded products are sold or supplied in the market.

In order to address certain specific aspects of the FSSA, the FSSAI has framed several regulations such as the following:

(a) Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011;

(b) Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011;

(c) Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011;

(d) Food Safety and Standards (Packaging and Labelling) Regulations, 2011; and

(e) Food Safety and Standards (Prohibition And Restrictions on Sales) Regulations, 2011.

The FSSAI has also framed the Food Safety and Standards Rules, 2011 (the "**FSSR**") which have been operative since August 5, 2011. The FSSR provides the procedure for registration and licensing process for food business and lays down detailed standards for various food products. The FSSR also sets out the enforcement structure of 'commissioner of food safety', 'the food safety officer' and 'the food analyst' and procedures of taking extracts, seizure, sampling and analysis.

Export (Quality Control and Inspection) Act, 1963 (the "EQCI Act")

The EQCI Act provides for the development of the export trade of India by ensuring quality control by conducting inspection. Milk and milk products are notified commodities under the EQCI Act and require pre-shipment inspection and certification by Export Inspection Agencies, as identified under the EQCI Act. The EQCI Act establishes the Export Inspection Council which advises the Central Government on matters regarding measures for enforcement of quality control and inspection in respect of commodities intended to be exported. An authorized officer under the EQCI Act has the power to enter, inspect and search the premises for concealed commodities and books of account providing for penal consequences in the even of any contravention of the provisions therein.

Export of Milk Products (Quality Control, Inspection and Monitoring) Rules, 2000 (the "Export of Milk Products Rules")

The Export of Milk Products Rules was framed under section 17 of the Export (Quality Control and Inspection) Act, 1963. In terms of rule 3 of the Export of Milk Products Rules, the responsibility to ensure that the milk products intended for export are processed under proper hygienic conditions lies with processors of such milk products. Exporters are required to meet prescribed health requirements under the Export of Milk Products Rules and to ensure that products conform to the specifications prescribed by the Central Government.

The Agricultural and Processed Foods Products Export Development Authority Act, 1985 (the "APEDA Act")

The APEDA Act provides for establishment of Agricultural and Processed Food Products Export Development Authority (the "**APEDA**") for the development and promotion of export of certain agriculture and processed food products. Persons exporting scheduled products are required to be registered under the APEDA Act and are required to adhere to specified standards and specifications and to improve their packaging. The APEDA Act provides for imprisonment and monetary penalties for breach of its provisions.

Further, the Agricultural and Processed Food Products Export Development Authority Rules, 1986 have been framed for effective implementation of the APEDA Act and provides for the application, grant and cancellation of registration to be obtained by exporters of agricultural produce.

Legal Metrology Act, 2009 (the "Legal Metrology Act")

The Legal Metrology Act came into effect on January 14, 2010 and has repealed and replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto.

The Legal Metrology Act provides that for prescribed specifications for all weights and measures used by an entity to be based on metric system only. Such weights and measures are required to be verified and re-verified periodically before usage. Under the provisions of the Legal Metrology Act, pre-packaged commodities are required to bear statutory declarations and entities are required to obtain a registration of the instruments used before import of any weight or measure. Approval of model is required before manufacture or import of any weight or measure. Without a license under the Legal Metrology Act, weights or measures may not be manufactured, sold or repaired.

Legal Metrology (Packaged Commodities) Rules, 2011 (the "Packaged Commodities Rules")

The Packaged Commodities Rules was framed under section 52(2) (j) and (q) of the Legal Metrology Act and lays down specific provisions applicable to packages intended for retail sale, whole sale and for export and import. As per the amendment to the rules in 2015 all packages are to mandatorily contain details of the persons to whom consumer complaints are to be addressed. A "pre-packaged commodity" means a commodity which without the purchaser being present is placed in a package of a pre-determined quantity.

The key provisions of the Packaged Commodities Rules are:

(a) It is illegal to manufacture, pack, sell, import, distribute, deliver, offer, expose or possess for sale any pre-packaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed;
(b) All pre-packaged commodities must conform to the declarations provided thereon as per the requirement of section 18(1) of the Legal Metrology Act; and
(c) No pre-packaged commodity shall be packed with error in net quantity beyond the limit prescribed in the first schedule of the Packaged Commodity Rules.

Bureau of Indian Standards Act, 1986 (the "BIS Act")

The BIS Act provides for the establishment of a bureau for the standardization, marking and quality certification of goods. The BIS Act provides for the functions of the bureau which includes, among others (a) recognize as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specify a standard mark to be called the, Bureau of Indian Standards Certification Mark, which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) make such inspection and take such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license. The Bureau may grant, renew, suspend or cancel a license in such manner as may be determined by the BIS (Certification) Regulations, 1988.

Laws Relating to Sale of Goods

The Sale of Goods Act, 1930 (the "**Sale of Goods Act**") governs contracts relating to sale of goods in India. The contracts for sale of goods are subject to the general principles of the law relating to contracts. A contract of sale may be an absolute one or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of the goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for sale of goods.

Intellectual Property Laws

Certain laws relating to intellectual property rights such as patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 trademark protection under the Trade Marks Act, 1999 are also applicable to us.

Laws Relating to Employment

The Factories Act, 1948 (the "**Factories Act**") defines a "factory" to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers, even while there may not be an electrically aided manufacturing process being carried on. State Governments have the authority to formulate rules in respect matters such as prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory.

The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in manufacturing activities:

- Child Labour (Prohibition and Regulation) Act, 1986;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees' Compensation Act, 1923;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Industrial Disputes Act, 1947;
- Industrial Employment (Standing Orders) Act, 1946;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Motor Transport Workers Act, 1961;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Trade Union Act, 1926; and
- Workmen's Compensation Act, 1923.

ISSUE PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to the bidding, application payment, Allocation and Allotment of the Equity Shares The procedure followed in the Issue may differ from the one mentioned below and the investors are assumed to have apprised themselves of the same from the Company or the Book Running Lead Manager. The prospective investors that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Managers and their respective directors, officers, shareholders, employees, councils, advisors, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and the Book Running Lead Managers, and their respective directors, officers, shareholders, employees, councils, advisors, agents, affiliates and representatives accept no responsibility or liability for advising any prospective investor on whether such prospective investor is eligible to acquire the Equity Shares. The investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Please see "Selling, Restrictions" and "Transfer Restrictions" on pages 118 and 119 respectively, of this Preliminary Placement Document.

Qualified Institutions Placement

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI (ICDR) Regulations and Sections 42 and 62 of the Companies Act 2013 and the rules issued thereunder, through the mechanism of QIP. Under Chapter VIII of the SEBI (ICDR) Regulations and Sections 42 and 62 of the Companies Act 2013 read with Rule 14 of the PAS Rules, a company may issue equity shares to QIBs provided that certain conditions are met by the company. Some of these conditions are set out below:

- the shareholders of the issuer have passed a special resolution approving such QIP. Such special resolution must specify (a) that the Allotment of securities is proposed to be made pursuant to the QIP; and (b) the relevant date;
- equity shares of the same class of such issuer, which are proposed to be Allotted through the QIP, are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the abovementioned special resolution;
- the aggregate of the proposed issue and all previous QIPs made by the issuer in the same financial year does not exceed five times the net worth (as defined in the SEBI Regulations) of the issuer as per the audited balance sheet of the previous financial year;
- the issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;
- the issuer shall have completed Allotments with respect to any prior offer or invitation made earlier by the issuer and shall have withdrawn or abandoned any such invitation or offer made by the issuer;
- the issuer shall offer to each Allottee at least such number of the securities in the issue which would aggregate to at least ₹ 20,000 calculated at the face value of the securities;
- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;
- the offer must not be to more than 200 persons in a financial year. However, an offer to QIBs will not be subject to this limit of 200 persons prior to circulating the private placement offer letter, the issuer must prepare and record a list of QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the issuer prior to the invitation to subscribe;
- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the QIB to whom the offer is made, and sent within 30 days of recording the names of such QIBs;
- the payment to be made for subscription to the Equity Shares shall be made from the bank account of the person subscribing to such securities and in case of securities to be held by joint holders, the payment for subscription to the securities shall be paid from the bank account of the person whose name appears first in the application;
- at least 10% of the equity shares issued to QIBs must be Allotted to Mutual Funds, provided that, if such portion to be Allotted to Mutual Funds, or any part thereof, remains unsubscribed, it may be Allotted to other QIBs;
- investors are not allowed to withdraw their Bids after the Bid/Issue Closing Date;
- additionally, there is a minimum pricing requirement under the SEBI Regulations. The floor price of the equity shares issued under the QIP shall not be less than the average of the weekly high and low of the closing prices of the issuer's Equity Shares of the same class quoted on the stock exchange during the two weeks preceding the relevant

date. However, a discount of up to 5% of the floor price is permitted in accordance with the provisions of the SEBI Regulations, subject to approval from the shareholders of the Company;

- securities Allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of Allotment except on the floor of a recognized stock exchange in India. Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements; and

Equity Shares must be allotted within 12 months from the date of the shareholders' resolution approving the QIP and also within 60 days from the date of receipt of subscription money from the successful Bidders. For details of refund of application money, see "Issue Procedure – Pricing and Allocation – Designated Date and Allotment of Equity Shares" on page 106.

The Equity Shares issued pursuant to the QIP must be issued on the basis of the Preliminary Placement Document and this Preliminary Placement Document that shall contain all material information including the information specified in Schedule XVIII of the SEBI Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Preliminary Placement Document are private documents provided to only select prospective investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of prospective investors.

The minimum number of Allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 2,500.0 Million; and
- five, where the issue size is greater than ₹ 2,500.0 Million.

No single Allottee shall be allotted more than 50% of the issue size or less than ₹ 20,000 of face value of Equity Shares. QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee. For details of what constitutes "same group" or "common control", see "- Application Process - Application Form" on page 106

Our Company has applied for and received the in-principle approvals dated September 12, 2018 of BSE and NSE, respectively under Regulation 28(1) of the SEBI Listing Regulations for the listing of the Equity Shares on the Stock Exchanges. Our Company has also delivered a copy of the Preliminary Placement Document and this Preliminary Placement Document to the Stock Exchanges.

Our Company shall also make the requisite filings with the ROC, Stock Exchanges and the SEBI within the stipulated period as required under applicable laws, including the Companies Act 2013 and the PAS Rules, with respect to the Issue.

The Issue has been authorized by (i) our Board pursuant to a resolution passed on August 11, 2017 and September 12, 2018 and (ii) the shareholders of our Company through the resolution passed on September 29. 2017. Equity Shares Allotted to QIBs pursuant to the Issue shall not be sold for a period of one year from the date of the Allotment, except on the floor of the Stock Exchanges.

Equity Shares Allotted to QIBs pursuant to the Issue shall not be sold for a period of one year from the date of the Allotment, except on the floor of the Stock Exchanges.

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold by the Company (a) in the United States only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) under the Securities Act, and (b) outside the United States, in offshore transactions, in reliance on Regulation S under the Securities Act. For further information, see the sections "Selling Restrictions" and "Transfer Restrictions" on pages 118 and 119, respectively.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Issue Procedure

1. Our Company and the Book Running Lead Managers shall identify QIBs and shall circulate serially numbered copies of the Preliminary Placement Document and serially numbered Application Forms, either in electronic or physical form to QIBs, and the Application Form, will be specifically addressed to such QIBs. In terms of Section 42(7) of the Companies Act 2013, our Company shall maintain complete records of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the ROC and the SEBI within the stipulated time period as required under the Companies Act 2013 and the PAS Rules.

2. The list of QIBs to whom the Application Form is delivered shall be determined by the Company in consultation with the Book Running Lead Managers. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. The Bidders shall submit Bids for, and our Company shall offer to each successful Allottee at least such number of Equity Shares in the Issue, which would aggregate to at least ₹ 20,000 calculated at the face value of the Equity Shares.

4. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Managers.

5. QIBs will be, inter alia, required to indicate the following in the Application Form:

- full official name of the QIB to whom Equity Shares are to be Allotted;
- number of Equity Shares Bid for;
- price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by our Company in consultation with the Book Running Lead Managers at or above the Floor Price or the Floor Price net of such discount as approved in accordance with the SEBI Regulations;
- PAN; along with a copy of the PAN card or PAN allotment letter;
- details of the depository account to which the Equity Shares should be credited; and
- a representation that it was either (i) outside the United States at the time the offer of the Equity Shares was made to it, and is currently outside the United States and acquiring the Equity Shares in an offshore transaction under Regulation S, or (ii) a "qualified institutional buyer" as defined in Rule 144A of the Securities Act, and it has agreed to certain other representations set forth in the Application Form.

6. Once a duly completed Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple, Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. The Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.

8. Upon receipt of the Application Form, after the Bid/Issue Closing Date, our Company shall determine the final terms, including the Issue Price and the number of Equity Shares to be issued pursuant to the Issue in consultation with the Book Running Lead Managers. Our Company shall intimate the Stock Exchanges about the meeting to decide the Issue Price two clear working days in advance (excluding the date of intimation and the date of the meeting. Our Company shall notify the Stock Exchanges of the Issue Price, once determined. Upon determination of the final terms of the Equity Shares and the QIBs to whom Allocation shall be made. The Book Running Lead Managers will send the serially numbered CAN along with the serially numbered Preliminary Placement Document to the QIBs who have been Allocated the Equity Shares either in electronic form or by physical delivery. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIBs, payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name, and the Pay-In Date as applicable to the respective QIB. Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Managers.

9. No payment shall be made by QIBs in cash. Please note that any payment of application monies for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Pending allotment, all monies received for subscription to the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilized only for the purposes permitted under the Companies Act.

10. Pursuant to receiving a CAN, each QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Company's designated bank account by the Pay-In Date as specified in the CAN sent to the respective QIBs.

11. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CAN to the QIBs. Our Company will intimate the details of the Allotment to the Stock Exchanges.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals.

13. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees in accordance with the details submitted by the QIBs in the Application Forms.

14. Our Company will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of the SEBI Regulations are eligible to invest under Regulation 86(1)(b) of the SEBI Regulations, no Allotment shall be made, either directly or indirectly, to any QIB who is a Promoter or any person related to the Promoters. Currently, under Regulation 2(1)(zd) of the SEBI Regulations, a QIB means:

- Public financial institutions as defined in Section 4A of the Companies Act, 1956 (and the corresponding Section 2(72) of the Companies Act, 2013);
- Scheduled Commercial Banks;
- Mutual Funds registered with SEBI;
- Eligible FPIs;
- Multilateral and bilateral development financial institutions;
- Venture capital funds registered with the SEBI;
- Foreign venture capital investors registered with the SEBI;
- Alternate investment funds registered with the SEBI
- State industrial development corporations;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of ₹ 2500.0 Lakhs;
- Pension funds with minimum corpus of ₹ 2500.0 Lakhs;
- The National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India; and
- Systemically important non-banking financial companies.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) shall be less than 10% of our post- Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company and the same may be increased up to the sectoral cap by way of a resolution passed by the board of directors followed by a special resolution passed by the shareholders and subject to prior intimation to the RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits for an FPI in our Company is 10% and 40% of the total paid-up Equity Share capital of our Company, respectively.

Eligible non-resident QIBs can participate in the Issue under Schedule 1 of the FEMA Regulations.

Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws, and such that their shareholding does not exceed specified limits as prescribed under applicable laws in this regard and subject to compliance with the conditions and restrictions that may be specified by the any governmental, regulatory or statutory authority from time to time.

All non-resident QIBs shall ensure that the investment amount is paid as per RBI's notification no. Notification No. FEMA 20(R)/ 2017-RB dated November 7, 2017, as amended from time to time.

In terms of FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Restriction on Allotment

Under Regulation 86(1)(b) of the SEBI Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoter or persons related to the promoter;
- veto rights; or
- a right to appoint any nominee director on our Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Company or the Book Running Lead Managers or any of their respective directors, officers, counsels, advisors, representatives, agents or affiliates are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. QIBs are advised to consult their advisers in this regard. Furthermore, QIBs are required to satisfy themselves that their Application Form would not eventually result in triggering a tender offer under the Takeover Regulations.

A minimum of 10% of the Equity Shares offered in the Issue shall be allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be allotted to other QIBs.

Allotment made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

Note: Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with the applicable laws.

Application Process

Application Form

QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Placement Document, the QIB will be deemed to have made the following representations and warranties, and the representations, warranties and agreements made under the sections titled "Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" on pages 3, 5, 118 and 119:

1. The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI Regulations, has a valid and existing registration under the applicable laws in India, and is eligible to participate in this Issue;

2. The QIB confirms that it is not excluded under Regulation 86 of the SEBI Regulations and that it is not a Promoter and is not a person related to any of the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the promoter or persons related to the promoter, no veto rights or right to appoint any nominee director on our Board other than those acquired in the capacity of a lender (not holding any Equity Shares) which shall not be deemed to be a person related to the promoter;

4. The QIB acknowledges that it has no right to withdraw its Bid after the Bid/Issue Closing Date;

5. The QIB confirms that if Equity Shares are allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so allotted and together with any Equity Shares held by the QIB prior to the Issue. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any regulations applicable to the QIB;

7. The QIB confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Regulations;

8. The QIB acknowledges, represents and agrees that in the event its total interest in the paid-up share capital of our Company or voting rights in our Company, whether direct or indirect, beneficial or otherwise (any such interest, your "Holding"), when aggregated together with any existing Holding and/or Holding of any of the persons acting in concert, results in Holding of 5% or more of the total paid-up share capital of, or voting rights in, our Company a disclosure of the aggregate shareholding and voting rights will have to be made under the Takeover Regulations. In case such QIB is an existing shareholder who, together with persons acting in concert, holds 5% or more of the underlying paid up share capital of, or voting rights in our Company a disclosure will have to be made under the Takeover Regulations in the event of a change of 2% or more in the existing Holding of the QIB and persons acting in concert.

9. The QIB confirms that to the best of its knowledge and belief together with other QIBs in the Issue that belongs to the same group or are under same control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

(a) The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act 1956;

(b) "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Regulations.

10. The QIBs shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges. The QIB confirms that it has read and understood, and by making a Bid for the Equity Shares through the Application Forms and pursuant to the terms of the Preliminary Placement Document, will be deemed to have made the representations, warranties and agreements made under the sections titled "Notice to Investors", "Representations by Investors", "Selling Restrictions" and "Transfer Restrictions" on pages 3, 5, 118 and 119, respectively.

QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PERMANENT ACCOUNT NUMBER ("PAN"), THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, E-MAIL ID AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE QIB SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO BOOK RUNNING LEAD MANAGERS TO EVIDENCE ITS STATUS AS A "QIB". IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the QIB upon issuance of the CAN by us in favour of the QIB.

Submission of Application Form

All Application Forms are required to be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied for. The Application Form is required to be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following addresses:

D & A Financial Services (P) Limited
13, Community Centre, East of Kailash
New Delhi – 110 065
Tel.**:** 011-26218274/26419079
Fax: 011-26218274
Website: www.dnsfinserv.com
Email :investors@dnafinserv.com
Contact Person: Ms. Radhika Pushkarna
SEBI Registration No.: INM000011484

The Book Running Lead Manager is not required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the IT Act in the Application Form along with a copy of the PAN card or PAN allotment letter. Applications without this information will be considered incomplete and are liable to be rejected. QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the book
The QIBs shall submit their Bids (including the revision of bids) through the Application Form within the Bidding Period to the Book Running Lead Manager through the Application Form and cannot be withdrawn after the Bid/Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price discovery and allocation
The Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price for the Equity Shares, which shall be at or above the Floor Price.

After finalization of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and filed the same with the Stock Exchanges as this Preliminary Placement Document.

Method of Allocation
The Company shall determine the Allocation in consultation with the Book Running Lead Manager on a discretionary basis and in compliance with Chapter VIII of the SEBI (ICDR) Regulations.

Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE COMPANY INCONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER THE COMPANY NOR ANY OF THE BOOK RUNNING LEAD MANAGER IS OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Manager as per the details provided in the respective CAN.

CAN

Based on the Application Forms received, the Company, in consultation with the Book Running Lead Manager, in their sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares by the Pay-in Date in their respective names shall be notified to such QIBs. Additionally, a CAN will include details of the bank accounts for transfer of funds if done electronically, address where the application money needs to be sent, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the respective QIB's account.

The eligible QIBs who shall be Allotted Equity Shares pursuant to the Issue would also be sent a serially numbered Preliminary Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Preliminary Placement Document and the CAN to the QIBs shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Book Running Lead Manager and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

The Company has opened a "**Kwality Limited- QIP – Escrow Account**" (Designated Bank Account / Escrow Account) with ICICI Bank Limited ("Collection Bank / Designated Bank / Escrow Bank") in terms of the arrangement among us, the Book Running Lead Manager and ICICI Bank Limited as the escrow bank. The QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the "**Kwality Limited-QIP – Escrow Account**" within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

Our Company undertakes to utilize the amount deposited in "**Kwality Limited- QIP-Escrow A/c**" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if we have not been able to Allot Equity Shares in the Issue.

In case of cancellations or default by the QIBs, the Company and the Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirements of the Companies Act 2013 and the SEBI Regulations.

Our Company undertakes to utilize the amount in the Escrow Account only for the purposes of: (i) adjustments against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

Payment Instructions

The payment of application money is required to be made by the QIBs in the name of Kwality Limited- QIP – Escrow Account" as per the payment instructions provided in the CAN.

QIBs may make payment through electronic fund transfer. All payments through cheques are liable to be rejected

Designated Date and Allotment of Shares

- The Equity Shares will not be allotted unless the QIBs pay the Issue Price to the Escrow Account as stated above.

- In accordance with the SEBI (ICDR) Regulations, Equity Shares will be issued and allotment and shall be made only in the dematerialized form to the allottees. Allottees will have the option to rematerialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

  Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.

- The Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

- Post receipt of the in-principle approvals of the Stock Exchange, the Company shall credit the Equity Shares into the Depository Participant accounts of the QIBs.

- Following the Allotment and credit of Equity Shares into the QIBs' Depository Participant accounts, the Company will apply for final trading and listing approvals from the Stock Exchange In the unlikely event of any delay in the allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by the Company.

- In relation to QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

- The Escrow Bank shall not release the monies lying to the credit of the Escrow Account to the Company, until the Company delivers to the Escrow Bank the final approval of the Stock Exchange for the listing and trading of the Equity Shares issued pursuant to the Issue.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, we shall repay the application money within 15 days from expiry of 60 days, failing which we shall repay that money with interest at the rate of 12% per annum or such other rate that may be applicable under law, from expiry of the sixtieth day. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the QIBs.

Submission to SEBI

The Company shall submit the Preliminary Placement Document to SEBI within 30 days of the date of allotment for record purposes.

Other Instructions

Right to Reject Applications
The Company, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of the Company and the Book Running Lead Manager in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

3. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange have electronic connectivity with NSDL and CDSL.

4. The trading of the Equity Shares would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchange.

5. The Company will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or otherwise on part of the QIB***s.***

PLACEMENT

Placement Agreement

The Book Running Lead Manager have entered into the Placement Agreement dated September 10, 2018 with our Company, pursuant to which the Book Running Lead Managers have agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and to use their reasonable efforts to procure subscription for the Equity Shares to be issued pursuant to the Issue.

The Placement Agreement contains customary representations, warranties and indemnities from our Company and the Book Running Lead Managers, and it is subject to the satisfaction of certain conditions and termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public in India or any other class of prospective investors, other than Eligible QIBs.

In connection with the Issue, the Book Running Lead Managers or their affiliates may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, please see the section entitled "*Offshore Derivative Instruments*" on page 9.

From time to time, the Book Running Lead Managers, and their affiliates and associates have engaged in, or may in the future engage in, transactions with, and perform services, including but not limited to investment banking, advisory, banking, trading services for our Company, the Subsidiary, the Joint Ventures, group companies, affiliates and the shareholders of our Company, as well as to their respective associates and affiliates, pursuant to which fee and commissions have been paid, or will be paid, to the Book Running Lead Managers and their affiliates and associates.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document or any offering material and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

General

No action has been taken or will be taken by our Company or the Book Running Lead Manager that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to our Company or the Equity Shares in any jurisdiction where action for such purpose is required (including filing of prospectus in India with SEBI or any other authority in connection with the Issue). Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and none of this Preliminary Placement Document, any offering materials and any advertisements in connection with the offering of the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each subscriber of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Notice to Investors*", "*Representations by Investors*" and "*Transfer Restrictions*".

India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares offered in the Issue may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to QIBs only and is not an offer to the public. This Issue is a "private placement" within the meaning of Section 42 of the Companies Act, 2013 since the invitation or offer is to be made only to QIBs. This Preliminary Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than those to whom the offer is made. The Issue will be made in compliance with the SEBI ICDR Regulations and other applicable laws. This Preliminary Placement Document has not been and will not be registered as a prospectus with the RoC. The offering of Equity Shares pursuant to this Preliminary Placement Document and the Placement Document by issue of public advertisements or utilization of any media, marketing or distribution channels or agents to inform the public at large about the Issue is prohibited.

TRANSFER RESTRICTIONS

Pursuant to Chapter VIII of the ICDR Regulations, any resale of Equity Shares, except on the Stock Exchange, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult their legal counsel prior to making any resale, pledge or transfer of our Equity Shares. For more information, please see "*Selling Restrictions*".

Subject to the foregoing, by accepting this Preliminary Placement Document and purchasing any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed with our Company and the BRLM as follows:

1. you have received a copy of this Preliminary Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning our Company or the Equity Shares, and neither our Company nor any other person responsible for this document or any part of it or the BRLM will have any liability for any such other information or representation;
2. you are authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;
3. you will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of the Equity Shares, and you acknowledge and agree that none of our Company, the Book Running Lead Manager or any of their respective affiliates shall have any responsibility in this regard;
4. you represent and warrant to our Company, the Book Running Lead Manager and their respective affiliates that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account;
5. the Company, the Book Running Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the Book Running Lead Manager on its own behalf and on behalf of the Company, and (b) to the Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Company;
6. you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or the Book Running Lead Manager or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;
7. you have been provided access to this Preliminary Placement Document which you have read in its entirety;
8. you agree to indemnify and hold the Company and the Book Running Lead Manager and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Company or the Book Running Lead Manager and their respective affiliates liable with respect to your investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Share; and
9. our Company and the BRLM, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the BRLM on your own behalf and on behalf of our Company, and (b) to our Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify our Company.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalization and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the SCR (SECC) Regulations on June 20, 2012, which regulate inter alia the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organizations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange. Further, the SEBI Listing Regulations inter alia also provide for disclosures to be made by a company after delisting.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting. Minimum Level of Public Shareholding All listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25%. However, a public company, including public sector undertakings, seeking to get a particular class or kind of securities listed shall offer and allot to the public (i) at least 25% of such class or kind of securities issued by the company, if the post issue capital is less than or equal to ₹ 16,000 million, (ii) at least such percentage of such class or kind of securities issued by the company equivalent to ₹ 4,000 million, if the post issue capital of the company is more than ₹ 16,000 million but less than or equal to ₹ 40,000 million or (iii) at least 10% of such class or kind of securities issued by the company, if the post issue capital of the company is above ₹ 40,000 million. In case of (ii) and (iii) above, the public shareholding is required to be increased to 25% within a period of three years from the date of listing of the securities. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such the public shareholding having fallen below the 25% threshold. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above mentioned requirements. Our Company is in compliance with this minimum public shareholding.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the CNX NIFTY of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. BSE became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. NSE was recognized as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of NSE. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” and the “derivatives” segments of NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). BSE and NSE are closed on public holidays. The recognized stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("NEAT"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Regulations, which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations (including mandatory open offer) on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

The Insider Trading Regulations have been notified to prohibit and penalize insider trading in India. An insider is, inter alia, prohibited from trading in securities of a listed or proposed to be listed company when in possession of unpublished price sensitive information ("UPSI") and to provide access to any person including other insiders to the above referred UPSI except where such communication is for legitimate purposes, performance of duties or discharge of legal obligations. UPSI shall include any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities.

The Insider Trading Regulations also provide disclosure obligations for promoters, directors, key management personnel and employees, with respect to their shareholding in a company, and the changes therein. The definition of "insider" means any person who is a connected person or is in possession of or having access to unpublished price sensitive information. The terms "connected person" means any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access. The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association and the Companies Act. The prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares

Share Capital

The authorized share capital of the Company is 10000.00 Lakhs divided into 10000.00 Equity Shares of Rs.1/- each. As of March 31, 2018, the Company's issued & subscribed share capital is 2413.54 Lakhs divided into 2413.54 equity shares of Rs.1 each. The Company's paid-up share capital is 2413.54 Lakhs divided into 241354382 equity shares of Rs.1 each.

The Equity Shares are listed on the Stock Exchanges. The security identification codes for the Equity Shares are as follows:

ISIN	INE775B01025
BSE Code	531882
NSE Symbol	KWALITY

Memorandum and Articles of Association

Our Company is governed by its Memorandum and Articles of Association.

Dividend

Under Indian law, a company pays dividend upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at in accordance with the provisions of the Companies Act. The Articles provide that dividend may be paid upon a recommendation of the Board and approval by a majority of the Shareholders, who shall not increase the amount of the dividend recommended by the Board. However, the Board is not under an obligation to recommend a dividend. According to the Articles, the dividend shall be paid in proportion to the amount paid up or credited as paid up on each share where a larger amount is paid up or credited as paid up on some shares than on others, but where capital is paid up in advance of calls carrying interest, such capital whilst carrying interest shall not confer a right to participate in profits or dividend. No dividend shall be payable except in cash out of the profits of our Company of the year or any other undistributed profits and no dividend shall carry any interest against our Company.

The Directors may declare interim dividend as justified by the position of our Company. Where any instrument of transfer of shares has been delivered to our Company but the registration to that effect has not been done by our Company, the dividend in relation to such shares shall be transferred to a special account, unless the registered holder of such shares has authorised our Company in writing to pay such dividend to the transferee in such an instrument of transfer. Further, in relation to such shares, our Company shall keep in abeyance any offer of rights shares and any issue of fully paid up bonus shares. Unless otherwise directed, any dividend may be paid by cheque or by warrant sent through post to the registered address of the Shareholder and in the case of joint holders to any one of them first named in the register of Shareholders; and our Company shall not be liable for cheque or warrant or dividend lost in transmission or lost due to forged endorsement or fraudulent recovery.

The Equity Shares issued pursuant to this Preliminary Placement Document shall rank pari-passu with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by the Company.

Capitalization of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act 2013 permits the board of directors of a company to issue fully paid up bonus shares to its members out of (a) the free reserves of our company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalize its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorized by articles, (b) it has been, on the recommendation of the board of directors, approved by the shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of fixed deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues, (e) there are no partly paid shares. The issue of bonus shares once declared cannot be withdrawn. These bonus shares must be distributed to shareholders in proportion to the number of ordinary shares owned by them as recommended by the board of directors. No issue of bonus shares may be made by capitalizing reserves created by revaluation of assets, and no bonus shares shall be issued in lieu of dividend. Further, any issue of bonus shares would be subject to SEBI ICDR Regulations.

The Articles provide that any general meeting may resolve that whole or any part of the of our Company's undivided profit for the time being, (which expression shall include any premiums received on issue of Equity Shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without being dividend) be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend. The capitalization may be done among Shareholders in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such Shareholders in paying up in full either at par or at premium, any unissued shares or debentures of our Company which shall be distributed or directed towards payment of the uncalled liability on any issued shares or debentures, and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act 2013 such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our Company's shareholders in a general meeting.

The Articles provide that where it is proposed to increase the subscribed capital of our Company by allotment of further shares, such shall be issued upon the terms and conditions and with such rights and privileges annexed thereto as the resolution creating the same shall direct and if no direction be given, in the manner provided in Section 62 of the Companies Act, 2013.

The Articles provide that our Company may from time to time by a special resolution, reduce its capital and any share premium account or capital redemption reserve account in any manner and with and subject to any consent required by law. Except as so far otherwise provided by the conditions of the issue or by the Articles, any capital raised by the creation of new shares shall be considered as a part of the existing capital. Our Company has the power to modify rights and privileges attached to a class of shares with the consent of the holders of three-fourths of that class in writing or with the sanction of a special resolution passed at a separate meeting of the shareholders of that class.

The Articles provide that our Company may from time to time, in a general meeting:

- consolidate and divide all or any of its share capital into shares of larger amount;
- sub-divide its shares or any of them into shares of smaller amount than the amount fixed by the memorandum so, however, that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution have not been taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Register of Members

Our Company is required to maintain a register of members wherein the particulars of the Shareholders are entered. For the purpose of determining the Shareholders, the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board may deem expedient.

Directors

The Articles provide that the number of Directors shall not be less than three and not be more than twelve. The Directors shall be appointed by our Company in the general meeting subject to the provisions of the Companies Act and the Articles. Two-thirds of the total number of Directors is subject to retirement by rotation. Of such Directors, one-third, or if their number is not three or multiples of three, then the number nearest to one-third, must retire every year. The Directors to retire are those who have been the longest in office.

As provided under Section 161 of the Companies Act, 2013, the Director may be appointed by the Board or by the general meeting of the Shareholders. The Directors have the power to appoint any other persons as an additional Director but any Director so appointed shall hold office only up to the date of the next following AGM of our Company but the total number of Directors shall not at any time exceed the maximum strength. The Board shall also have the power to appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months from India. The alternate Director shall vacate the office if and when the original Director returns to India and in case the office of the original Director is determined before he returns, the provisions of the Companies Act, 2013, and the Articles for automatic reappointment shall apply to the original Director and not the alternate Director. Our Company must have at least one Director who has stayed in India for at least 182 days in the previous calendar year (i.e. is an Indian resident). Our Company is required to have at least one-half of its Directors as independent Directors.

The quorum for meetings of the Board is one-third of the total number of Directors (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher. The participation of the Directors by video conferencing or by other visual means will be counted towards quorum. However, where the number of interested Directors is equal to or exceeds two-thirds of total strength, the remaining number of Directors (i.e. Directors who are not interested) present at the meeting, being not less than two shall be the quorum during such time. In case there is no quorum for a Board meeting, the remaining Directors may act only for the purpose of increasing the number of Directors to meet the quorum requirements or to summon a general meeting.

General Meetings of the Shareholders

Our Company is required to hold an AGM every fifteen months in addition to any other general meetings. Not less than 21 days' notice in writing of a general meeting is to be given, but shorter notice may be given if consent in writing is accorded by all the members entitled to vote and in case of any other meetings, with the consent of members holding not less than 95 per cent of such part of the paid-up share capital of our Company which gives a right to vote at the meeting. No meeting shall be competent to enter upon, discuss or transact any business, which has not been specifically mentioned in the notice, or notices upon which it was convened. Every Shareholder is entitled to attend a meeting and vote either in person or by proxy. All businesses to be transacted at an AGM shall be deemed special except the consideration of accounts, balance sheet and reports of the Board and Auditors, declaration of dividend, appointment of Directors in place of those retiring, the appointment of and fixation of remuneration of the Auditors. In case of an EGM all business is deemed special. A statement setting out all material facts, including the nature of concern or interest, financial or otherwise in respect of every Director and manager; every other key managerial personnel and relatives of such persons, in respect of special business to be transacted at the meeting, shall be annexed to the notice. The Board may also call an EGM whenever it thinks fit and it shall do so upon a requisition in writing by any Shareholder(s) holding in aggregate not less than one-tenth of the issued and paid-up capital upon which all calls or other sums then due have been paid. Where any resolution requires special notice, notice of the intention to move the resolution should be given to our Company by such number of members not less than one percent of total voting power that has been paid-up and our Company shall immediately on receipt of the notice of intention give its members notice of the resolution in the same manner as it gives notice of the meeting.

The quorum requirements for a general meeting are as prescribed under Section 103 of the Companies Act, 2013. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine and if at such adjourned meeting, a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called. The Articles further provide that no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. The meetings should be convened in the presence of a chairman. A resolution put to vote shall be decided on a show of hands, unless a poll is ordered to be taken by the chairman. At every AGM of our Company there shall be laid before the meeting, the Directors' report and audited statement of accounts, Auditor's report, proxies and the register of Directors' and key managerial personnels' shareholding and a register of contracts or arrangements in which the Directors and key managerial personnel is interested as required under Section 170 of the Companies Act, 2013. Minutes of the AGM are to be maintained and shall be evidence of the proceedings recorded therein.

Voting Rights

Every Shareholder present in person shall have one vote on a show of hands, and on poll, the Shareholder present in person or by proxy shall have voting rights in proportion to his share of the paid-up capital of our Company held by him, subject to any rights or restrictions for the time being attached to any class or classes of shares. The instrument appointing a proxy and the power of attorney (or other authority, if any) under which it is signed is required to be deposited at the registered office at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal or revocation of the proxy, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by our Company at the registered office before the meeting. Further, no Shareholder shall be entitled to exercise any voting right personally or by proxy at any meeting of our Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid. No objection to the validity of a vote shall be made except during the meeting or poll and every vote not disallowed shall be deemed valid for all purposes of such meeting or poll. The chairman of the meeting shall be the judge of the validity of the vote.

Annual Report and Financial Results

The annual report is required to be laid before the Shareholders at the AGM. This includes financial information such as the audited financial statements as of the date of closing of the financial year, Directors' report, management's discussion and analysis and a corporate governance section, and is sent to the Shareholders in advance in compliance with applicable laws. Our Company is required to file the annual report with the RoC within 30 days from the date of the AGM. Our Company must also publish its financial results in at least one English daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office is situated. Our Company is required to file certain information on-line, including the annual report, financial statements and the shareholding pattern statement, in accordance with the requirements of the Listing Regulations.

Buy-Back

A company is empowered to buy-back its own shares or other specified securities out of its free reserves, the securities premium account or the proceeds of any fresh issue of shares or other specified securities (other than the kind of shares or securities proposed to be bought back) subject to certain conditions. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the date of closure of the preceding offer of buy-back or to issue the same kind of securities for six months subject to certain limited exceptions. Other than as described above, a company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders, voting on it in accordance with the Companies Act and sanctioned by the High Court in terms of the Companies Act. Subject to certain conditions, a public company is prohibited from giving, whether directly or indirectly and whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person for any shares in the company or its holding company.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company including its own subsidiary companies or through any investment company or group of investment companies. Further, a company is prohibited from purchasing its own shares or specified securities, inter alia, if the company is in default with respect to the repayment of deposit or interest, in the redemption of debentures or preference shares, in payment of dividend to a shareholder, in repayment of any term loan or interest payable thereon to any financial institution or bank.

Liquidation Rights

In the event of our Company being wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide amongst the contributories in specie, any part of the assets of our Company and may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

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

Dear Sirs,

SUB: STATEMENT OF POSSIBLE SPECIAL INCOME TAX BENEFITS AVAILABLE TO KWALITY LIMITED AND ITS SHAREHOLDERS

1. We, MSKA & Associates, Chartered Accountants, the statutory auditors of Kwality Limited ("The Company"), have been requested vide engagement letter dated June 26, 2018 to provide the possible special income tax benefits, in annexure 1, available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ("the Act") presently in force in India as amended by Finance Act 2018, applicable for the Financial Years 2018- 19 relevant to Assessment Year 2019-20.

2. Any subsequent amendment/ modification to these provisions of the Act may have an impact on the views contained in our statement. These special Income tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act, failing which such benefits may not accrue or be available.

3. This statement of possible special income tax benefits is required as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended ('SEBI ICDR Regulations'). While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, for the purpose of this statement, it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits available under the Act which provide deduction from total income on fulfillment of specified conditions or deduction of specified expenditure from the profits and gains arising from business or profession on fulfillment of specified conditions. Special tax benefits are available to the Company under section 80-IB of the Act, subject to fulfilling the conditioned mentioned therein. With respect to the shareholders, it is assumed that benefits available within the scope of Section 10(34) and Section 112A of the Act which provide exemptions / concessional tax rates to the shareholders from the total income earned are within the ambit of special tax benefits for the purpose of this statement. Any benefits under the Act other than those specified herein above are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India have not been examined and covered by this statement. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

4. The benefits discussed in the enclosed statement are not exhaustive. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or

the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency. While all reasonable care has been taken in the preparation of this statement, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

5. We do not express any opinion or provide any assurance whether:
- The Company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

6. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.

7. This Report has been issued solely at the request of the Company for use in connection with the Issue and this report or extract thereof may accordingly be included in the preliminary placement document and the placement document to be filed by the Company with the Stock Exchanges, the Securities and Exchange Board of India, and the Registrar of Companies, or shared with any other authority and the Placement Agent including for records to be maintained by the Placement Agent in relation to the Issue. This report is not to be used, circulated, quoted, or otherwise referred to for any other purpose without our prior written consent except the reference may be made to it in any list of closing documents in relation to Company's internal use pertaining to the Issue.

For **MSKA & Associates**
Chartered Accountants
Firm Registration Number: 105047W
Sd/-
Amit Mitra
Partner
Membership Number: 094518
Place: Gurugram
Date: July 23, 2018

ANNEXURE

STATEMENT OF POSSIBLE SPECIAL INCOME TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Outlined below are the possible special Income tax benefits available to the Company and its shareholders under the Income tax Act, 1961 ("the Act") as amended by the Finance Act 2018, i.e. applicable for the Financial Year 2018-19 relevant to the Assessment Year 2019-20, presently in force in India.

I. SPECIAL INCOME TAX BENEFITS AVAILABLE TO THE COMPANY

The Company is eligible for deduction under section 80-IB of the Act, in case of an undertaking deriving profit from the business of processing, preservation and packaging of dairy products, provided that such undertaking of the Company begins to operates such business after 1st day of April, 2009. The deduction is equivalent to 100% of the profits and gains derived from such undertaking for the first 5 initial Assessment Years beginning with the initial assessment year and 30% of the profits and gains derived from the from the operation of such business for the next 5 Assessment Years subject to fulfillment of specified conditions. The Company may claim such benefit in future years subject to fulfilling the then prevailing provisions under the Act. It is pertinent to note that to claim the benefit of section 80-IB, the Company is required to keep in mind the following conditions as well:

(i) Deduction shall be allowed to the Company only if it furnishes a valid return of income on or before the due date specified as per section 139(1) of the Act;

(ii) The business of the Company is not formed by splitting up or reconstruction of the business, which is already in existence, subject to section 33B of the Act;

(iii) The business of the Company is not formed by the transfer of machinery or plant, previously used for any purpose; subject to the following:

1. Any machinery or plant used outside India, by any person other than the Company shall not be regarded as previously used if (A) such machinery or plant not used in India; (B) such machinery or plant is imported into India from any country outside India; (C) no depreciation have been claimed on such machinery or plant under the provisions of the Act.
2. If any machinery or plant, which is used previously is transferred to the business of the Company, the total value of such transferred machinery or plant should not exceed 20% of the total value of the machinery or plant used in the business of the Company.

(iv) The computation of income shall be computed, as if the aforesaid business of dairy products is only source of income of the Company;

(v) The accounts of the eligible business have been audited by an accountant, as per explanation below to section 288(2) of the Act and report of such audit is duly signed and verified in prescribed form by such accountant;

(vi) Where the goods of the business of the Company are transferred to any other business carried on by the Company or vice-versa, consideration of such transfer should be at arm's length price.

(vii) The amount of profit or gains, claimed under section 80-IB should not be claimed under any other provisions of the Act.

II. SPECIAL INCOME TAX BENEFITS AVAILABLE TO SHAREHOLDERS

a) Dividend income received by the shareholders is exempt from income tax under section 10(34) of the Act subject to provisions of Section 115 -O of the Act (Section 115 – O of the Act provides for payment of income tax in the form of dividend distribution tax by the dividend paying company on dividend declared/distributed).

b) As per the provisions of Section 14A of the Income-tax Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein.

c) Also, Section 94(7) of the Act provides that losses arising from the sale/transfer of shares purchased upto three months prior to the record date and sold or transferred within three months after such date, will be disallowed to the extent dividend income on such shares is claimed as tax exempt by the shareholders.

d) Section 112A of the Act provides for concessional rate of tax on capital gain arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund, subject to Securities Transaction Tax, with effect from April 1, 2019 (i.e. Assessment Year 2019-20). As per the provision of section 112A of the Act, long term capital gain up to Rs.1,00,000 shall be exempt. Further, long term capital gain in excess of Rs. 1,00,000 is chargeable to tax at a rate of 10% (plus surcharge and cess as may be applicable) without giving benefit of indexation of cost of acquisition.

e) As per section 115BBDA of the ACT, dividend declared, distributed or paid by the Company shall be taxable @ 10%, in excess of INR 10 Lakhs of such dividend, in the hands of individual, Hindu Undivided Family or Firm (resident in India).

LEGAL PROCEEDINGS

We are, from time to time, involved in various legal proceedings in the ordinary course of business, which involve matters pertaining to, amongst others, civil, tax, regulatory and other disputes. As on date of this Preliminary Placement Document, except as disclosed hereunder, we are not involved in any material governmental, legal or arbitration proceedings or litigation and we are not aware of any pending or threatened material governmental, legal or arbitration proceedings or litigation relating to them which may have a material effect on our financial condition, the results of operations or cash flows. It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiary, Directors or the Promoter shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or its Subsidiary, or Directors or Promoter, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum. All terms defined in a particular litigation are for that particular litigation only.

A. Material Proceedings involving our Company

Material Litigation by our Company:

Our Company has filed a special leave petition before the Hon'ble Supreme Court of India against an order of the High Court of Punjab & Haryana relating to the applicability of the Haryana Murrah Buffalo and Other Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001. The Semen Bank Officer of the Haryana Livestock Development Board has imposed a cess of Rs. 42.18 million as principal and Rs. 374.00 million as interest upon our Company, against which, our Company has deposited a sum of Rs. 21.30 million under protest for the present year, and an amount of Rs. 18.77 million under protest for the preceding one. The matter is currently pending.

Material Litigation against our Company:

Material Civil Litigation

1. Unilever Industries Private Limited and Hindustan Unilever Limited (the "**Petitioners**") have filed a civil suit against the Company before the Calcutta High Court, seeking, *inter alia*, an injunction restraining (a) the Company, its directors, servants, agents, stockists, dealers, distributors and all persons claiming through it (the "**Identified Parties**") from manufacturing, collecting, marketing, selling, trading in and/or otherwise dealing in milk and milk products bearing or under the trade mark of "*KWALITY*" or "*KDIL's KWALITY*" or any other trade mark similar thereto; (b) restraining the Identified Parties from using the domain name "*Kwality.com*" or any other corporate name or business name or trading style or domain name or trading style or domain name similar thereto. The Company is in the process of submitting its response in the aforesaid matter. The matter is currently pending.

Regulatory Proceedings

1. The Food Safety Officer, Bharatpur ("**FSO-B**"), has filed a complaint against Ashok Kumar Khandelwal and certain others, including our Company (the "**Defendants**"), before the Adjudication Officer & Additional District Magistrate, Bharatpur (Rajasthan). The FSO-B has alleged violation of certain provision of the Food Safety and Standards Act, 2006, as amended, and the Food Safety and Standards (Packaging and Labelling) Regulation, 2011, pertaining to misbranding and mislabelling of certain products of our Company by the Defendants, and invoked action under Section 26 of the FSS Act. The matter is currently pending.

2. The Food Safety Officer, North Central Railways, Agra ("**FSO-A**"), has issued a notice to Rajesh Saraswat and certain others, including our Company (the "**Noticees**"). The FSO-A has alleged that the tetra pack used for certain milk products of our Company was defective, and has sent such seized items for forensic analysis. No further correspondence has been received in the aforesaid matter.

3. The Food Safety Officer, Banswada, Rajasthan (**"FSO-Ba"**), has issued a notice to our Company (the "**Noticee**"). The FSO-Ba has alleged that certain ghee products of our Company were misbranded. No further correspondence has been received in the aforesaid matter.

4. The Food Safety Officer, Eastern Railway, Kolkata ("**FSO-ER**") has issued a notice to our Company alleging that a sample of a toned milk, tetra pack was found to be misbranded. Subsequently, FSO-ER has filed a case against our Company before the Adjudicating Officer, Kolkata. The matter is currently pending.

5. The Food Safety Officer, Rudrapryag, ("**FSO-Ru**"), has issued a notice to Ravi Kumar Gupta and certain others, including our Company (the "**Noticees**"). The FSO-Ru has alleged that certain packets of toned milk manufactured by our Company were sub-standard. Subsequently, a case was registered under Sections 26 and 27 of the FSS Act before the Additional District Magistrate Administration, Rudraprayag ("**ADM-Ru**"). The matter is currently pending

6. The Food Safety Officer, Gautam Budh Nagar ("**FSO-G**"), has issued a notice to Savoy Suites and certain others, including our Company (the "**Noticees**"). The FSO-G has alleged that certain pasteurized toned milk products of Company were undernourished. Subsequently, a case was registered under Sections 5 and 51 of the FSS Act before the Additional District Magistrate Administration, Gautam Budh Nagar ("**ADM-G**"). The ADM-G has *vide* an order dated December 16, 2017, imposed a penalty of Rs. 0.25 million upon our Company ("**ADM-G's Order**"). Aggrieved by the ADM-G's Order, our Company has filed an appeal before the District Judge, Meerut ("**DJ-M**"). The DJ-M has *vide* an order dated February 27, 2018, stayed the operation of the ADM-G's Order subject to the deposit of 25% of the penalty by our Company. Subsequently, our Company has deposited the aforesaid amount. The matter is currently pending.

7. The Food Safety Officer, Kota, Rajasthan ("**FSO-K**"), has issued a notice to Nirma Jain and certain others, including our Company (the "**Noticees**"). The FSO-K has alleged that certain ghee products of Company were sub-standard. Subsequently, a case was registered under Sections 5 and 51 of the FSS Act before the Additional District Magistrate Administration, Kota ("**ADM-K**"). The ADM-K has *vide* an order dated August 18, 2013, imposed a penalty of Rs. 0.05 million upon our Company ("**ADM-K's Order**"). Our Company is yet to file an appeal in the aforesaid matter. The matter is currently pending.

8. The Food Safety Officer, Bulandshahr ("**FSO-Bu**") has alleged that a sample of a milk product of our Company was found to be deficient. Subsequently, a case was registered before the Additional District Magistrate Administration, Bulandshahr ("**ADM-Bu**"). The ADM-Bu has *vide* an order dated May 11, 2017, imposed a penalty of Rs. 0.40 million upon our Company ("**ADM-Bu's Order**"). Aggrieved by the ADM-Bu's Order, our Company has filed an appeal before the District Judge, Bulandshahr ("**DJ-Bu**"). The DJ-Bu has stayed the operation of the ADM-Bu's Order subject to the deposit of 50% of the penalty by our Company. Our Company is yet to deposit the aforesaid amount. The matter is currently pending.

Tax Proceedings involving our Company

We have disclosed claims relating to direct and indirect taxes involving our Company in a consolidated manner giving details of number of cases and total amount involved in such claims:

Particulars	**Number of Cases**	**Aggregate Amount of Tax Involved (*Rs. in Million*)**
Direct Tax	12	*Cannot be ascertained*
Indirect Tax	23	287.28

Other Matters

1. Our Company has received a notice from ALPS Logistic Limited ("**ALPS**") under Section 8 of the Insolvency and Bankruptcy Code, 2016. ALPS has demanded a sum of Rs. 0.30 million in respect of alleged freight services rendered, along with interest at the rate of 18% per annum. Our Company is yet to respond to the aforesaid notice.

2. Our Company has received a notice from Barflex Polyfilms Private Limited ("**Barflex**") under Section 8 of the Insolvency and Bankruptcy Code, 2016. Barflex has demanded a sum of Rs. 6.16 million in respect of an alleged supply of materials (polyfilm), along with interest at the rate of 18% per annum. Our Company is yet to respond to the aforesaid notice.

3. NSE has vide its email dated 21st April, 2017, sought clarifications with respect to compliance to be made under provisions of Regulations 29(1)(d) of Listing Regulations and observed that our company proposed to raise funds by way of Preferential issue / QIP etc. in its Board Meeting held on August 17, 2017 and have not made adequate disclosures in line with requirements of Reg. 29 w.r.t prior intimation of board meeting for fund raising along with specifically mentioning type of issue. Our Company has responded to the aforesaid matter and provided the relevant documents. No further communication has been received in this matter.

4. NSE has *vide* its letter dated July 24, 2018, sought certain clarifications in respect of the shareholding pattern filed by our Company for the quarter-ended March 31, 2018, as well as the shareholding pattern for the quarter-ending June 30, 2018. NSE has, *inter alia*, sought clarifications in respect of certain alleged discrepancy in shareholding pattern of our Promoter. Our Company has responded to the aforesaid matter and provided the relevant documents. No further communication has been received in this matter.

5. NSE has *vide* its letter dated July 19, 2018, sought certain clarifications in respect of the meeting of our Board held on July 3, 2018. NSE has, *inter alia*, sought clarifications in respect of the outcome in respect of certain agenda items, namely the buyback of securities/issue of bonus shares/interim dividend, which were discussed, and consequently deferred for the time being, at the aforesaid meeting. Our Company has responded to the aforesaid matter and provided the relevant documents. No further communication has been received in this matter.

6. SEBI has *vide* its email dated July 24, 2018 and August 02, 2018, sought certain clarifications as to whether the necessary disclosures prescribed under the Takeover Regulations and Insider Trading Regulations, were made in respect of certain trades executed by our past Director, Mr. Sidhant Gupta, during March 2018 to May 2018. Our Company has responded to the aforesaid email and submitted the relevant supporting documents. No further communication has been received in this matter.

7. NSE has vide various emails to our Company stated that it has not received the financial results of the Company for the quarter ended June 30, 2018, by the stipulated date in accordance with the requirements of Regulation 33 of the Listing Regulations. Further, NSE has imposed a daily penalty of Rs. 5000, which will continue to be levied till the date of compliance, and if the non-compliance continues for more than 15 days, an additional fine of 0.1% of the paid-up capital of the Company or Rs. 1 Crore, whichever is less, will be levied upon our Company. Our Company has also received certain emails from the BSE in this regard. Subsequently, our Company has deposited an amount of Rs. 0.08 million with each of the Stock Exchange in respect of the aforesaid matter. The Company has deposited the above said amount to the exchange for the non-compliance as stated above till the period August 30, 2018.

For details of the notices received by our Company from its lenders and the lender to its Subsidiary, please see "*Other Confirmations - Defaults in respect of dues payable*" herein below.

B. Material Proceedings involving our Subsidiary

Other Matters

1. Our Subsidiary, namely Kwality Dairy Products FZE has received a notice from IDBI Bank Limited (DIFC Bank) ("**IDBI DIFC**") dated July 24, 2018, in respect of certain working capital facilities availed by the Subsidiary from IDBI DIFC. IDBI DIFC has, *inter alia*, alleged that our Subsidiary has failed and neglected to pay IDBI DIFC interest and other monies/dues on the principal amounts from time to time; cancelled the then unavailed credit facilities; declared that the outstanding dues aggregating to US$ 12.75 million have become due and payable; and called upon the Subsidiary to pay IDBI DIFC within a period of 10 days thereof. Our Subsidiary is in the process of responding to the aforesaid notice.

For details of the notices received by our Subsidiary from its lender, please see "*Other Confirmations - Defaults in respect of dues payable*" herein below.

C. Material Proceedings involving our Promoter

I. Material Proceedings against Mr. Sanjay Dhingra

Criminal Proceedings

1. A first information report has been filed at the District Ambedkar Nagar, Baskhari (Uttar Pradesh) Police Station against our Promoter, namely Mr. Sanjay Dhingra, and certain employees of our Company, by certain milk suppliers under Section 406 of the Indian Penal Code, 1860. The complainants have alleged that dues amounting to Rs. 120 million have not been paid to them by our Company. The matter is currently ongoing.

2. A first information report has been filed at the District Sultanpur, Dehat (Uttar Pradesh) Police Station against our Promoter, namely Mr. Sanjay Dhingra, and certain employees of our Company, by certain transporters under Section 406 and 420 of the Indian Penal Code, 1860. The complainants have alleged that dues amounting to Rs. 1.10 million have not been paid to them by our Company. The matter is currently ongoing.

Material Civil Proceedings

3. Indian Overseas Bank ("**IOB**") has filed an original application before the Debt Recovery Tribunal - I, Delhi ("**DRT**") against JMD Oil Private Limited ("**JMD**") and certain others, including our Promoter, Mr. Sanjay Dhingra, for the recovery of Rs. 1,046 crores. Pending final adjudication, IOB had moved an application, *inter alia*, for the attachment of the Equity Shares owned by Mr. Sanjay Dhingra. While Mr. Sanjay Dhingra had previously provided a personal guarantee in respect of certain secured credit facilities availed by JMD, pursuant to a family settlement arrived at amongst the relatives of Late Shri Jamna Ram Dhingra in October 2010, Mr. Sanjay Dhingra had disassociated from JMD. Consequently, IOB *vide* its letter dated June 21, 2011, *inter alia*, waived the personal guarantee of Mr. Sanjay Dhingra, and sought additional guarantees from other defendants that had a continuing stake in JMD. Accordingly, the DRT *vide* an order dated September 28, 2017 ("**DRT Interim Order**"), refused to attach the Equity Shares owned by Mr. Sanjay Dhingra. Aggrieved by the DRT Interim Order, IOB filed an appeal before the Debt Recovery Appellate Tribunal, Delhi. The matter is currently pending.

Other Matters

1. Our Promoter, Mr. Sanjay Dhingra, has received a notice from the Bank of Baroda under Section 138 of the Negotiable Instruments Act, 1881, in his capacity as a guarantor in respect of certain financial facilities availed by the Company. Mr. Dhingra had issued two cheques, aggregating to Rs.3.30 crores, towards part satisfaction of the debt of the Company, which were returned on presentation. Mr. Dhingra is yet to respond to the aforesaid notice.

For details of the notices received by our Promoter from the lenders to our Company and our Subsidiary, please see "*Other Confirmations - Defaults in respect of dues payable*" herein below.

Tax Proceedings involving our Promoter

We have disclosed claims relating to direct taxes involving our Promoter in a consolidated manner giving details of number of cases and total amount involved in such claims:

Particulars	**Number of Cases**	**Aggregate Amount of Tax Involved (*Rs. in Million*)**
Direct Tax	7	Rs. 14,94,749/- is payable in one case and liability cannot be ascertained in other cases

Other Confirmations

Material Frauds

No material frauds have been committed against our Company during the last three years.

Defaults in respect of dues payable

Our Company has been 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. 1,792.90 million outstanding as at March 31, 2018, for a period exceeding six months from the date it became payable. Out of the aforesaid undisputed amount of Income Tax Liability, Rs. 41.73 million has been paid as on August 29, 2018.

Further, as at August 29, 2018, there are no dues of income tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues which have not been deposited with the appropriate authorities on account of any dispute except as under:

Name of Statute	**Nature of Dues**	**Amount* (Rs. in Million)**	**Period to which the amount relates**	**Forum where Dispute is Pending**
Uttar Pradesh VAT	VAT	1.55	2013-14	Addl. Comm. (Appeal), Ghaziabad
Uttar Pradesh VAT	VAT	3.38	2014-15	Tribunal (2nd Appeal), Aligarh
Uttar Pradesh VAT	VAT	0.34	2014-15	Tribunal (2nd Appeal by Deptt.), Aligarh
Uttar Pradesh VAT	VAT	1.64	2014-15	Tribunal (2nd Appeal by Deptt.), Aligarh

Name of Statute	Nature of Dues	Amount* (Rs. in Million)	Period to which the amount relates	Forum where Dispute is Pending
Uttar Pradesh VAT*	VAT		2015-16	AC, Debai
Uttar Pradesh VAT*	VAT		2016-17	JC (Audit), Ghaziabad
Uttar Pradesh GST	GST	0.13	2017-18	JC (SIB), Bulandshahar
Haryana VAT	VAT	0.04	2012-13	DETC Cum Assessing Authority, Palwal
Haryana VAT	VAT	34.09	2013-14	Joint Commissioner (Appeals), FAridabad
Haryana VAT	VAT	130.36	2014-15	Joint Commissioner (Appeals), FAridabad
Haryana VAT	VAT	-	2012-13	Additional Excise & Taxation Commissioner-Cum-Revisional Authority, Haryana, Panchkula
Haryana VAT*	VAT	84.95	2017-18	ETO cum Assessing Authority, HARYANA
Haryana GST	GST	17.95	2017-18	Excise & Taxation Officer/Proper Officer, Ward-1 Palwal
Rajasthan VAT	VAT	1.85	2014-15	Appealate Authority, Appeals III, Jaipur
Delhi VAT	VAT	1.09	2012-13	Commissioner (VAT), Appeals, Delhi
Delhi VAT*	VAT		2015-16	VATO, Ward 58, Delhi
Delhi VAT*	VAT		2016-17	VATO, Ward 58, Delhi
Punjab VAT	VAT	1.61	2012-13	DETC(Appeals) cum JD(Appeals) Patiala
Punjab VAT	VAT	0.60	2012-13	DETC(Appeals) cum JD(Appeals) Patiala
Punjab VAT	VAT	0.79	2016-17	AETC, Mobile Wing, Amritsar
Gujarat VAT*	VAT	-	2015-16	ACCT, Unit 21, Ahmedabad
Audit under Service Tax Act*	-	-	April 1, 2015 - June 30, 2017	Superintendent (Audit), Audit Circle-6
DEPB	DEPB	6.94		CESTAT,Mumbai Nava Shava

** Liabilities cannot be ascertained*

i) Details of Notice received in regard to Income Tax Search u/s 132 of the Income Tax Act 1961 conducted on 22.08.2017.

Asst. Yr. /Yrs.	U/s	Notice No.	Notice Date
2011-12	148	ITBA/AST/S/148/2017-18/1009556161(1)	29.03.2018
2012-13 to 2017-18	153A	6 Nos. Notices without No.	08.03.2018
2011-12	147/148	Reason for reopening u/s 147 of Income Tax Act	10.07.2018

ii) **List of recent Income Tax Notices.**

Asst. Yr. /Yrs.	U/s	Notice No.	Notice Date	Remarks
2016-17 & 2017-18	276(2) and 277	F. No. 10/PCIT(C)-1/Hqrs./Prosecution/Kwality/Kol/2017-18/9770	27.03.2018	-
2015-16 to 2017-18	221	ACIT/CC-2(3)/Kol/Kwality Gr./2017-18/1882	13.03.2018	-
2016-17 & 2017-18	276(2) and 277	F. No. 24/PCIT(C)-1/Hqrs./Prosecution/Kwality/Kol/2017-18/9027	12-13.03.2018	-
2011-12 to 2017-18	131(1A)	DDIT(Inv.)/STR/Unit-1(1)/2018-19/157	25.04.2018	Details related to Rajesh Kumar and Sons asked
2016-17	279(1)	Memo No. PCIT (C)-1/Hqrs./Kwality/Prosecution/Kol/3085-90	29.06.2018	For Launching Prosecution u/s 276C(2)
2016-17	279(1)	Memo No. PCIT (C)-1/Hqrs./M/s. Kwality/Prosecution/Kol/18-19/3091-96	02.07.2018	For Launching Prosecution u/s 277
2017-18	279(1)	Memo No. PCIT (C)-1/M/s, Federal/Prosecution/Kol/3103-3108	29.06.2018	For Launching Prosecution u/s 276C(2)
2017-18	279(1)	Memo No. PCIT (C)-1/M/s, Fedderal/Prosecution/Kol/18-19/3097-3102	02.07.2018	For Launching Prosecution u/s 277

iii) **List of letter received from IT-TDS Department**

Financial Year	Nature	Order No.	Order Date	Remarks
2017-18 and 2018-19	Letter	F. No. ACIT. /Circle 75(1)/2018-19	01.08.2018	Decline in TDS Collection

Except as disclosed herein below, our Company and our Subsidiary has not defaulted in any deposits accepted and payment of interest or principal on any loan from any bank or financial institution or any debentures:

1. Our Company has availed working capital facility of Rs 1125 crs. (Fund Based and non-fund based), under consortium arrangement comprising Bank of India, Bank of Baroda, Andhra Bank, Allahabad Bank, Central Bank of India, Corporation Bank, IDBI Bank, Canara Bank, Syndicate Bank and Dhanlaxmi Bank. Due to non-servicing of interest, devolvement of letter of credit, invocation of bank guarantee and other factors the account has been classified as sub-standard assets (non-performing assets) with all the banks except Bank of India and IDBI Bank. The total overdue amount with the above-mentioned Banks as on 31st August 2018 is Rs. 41.43 crores. Further, the Company has also received recall notice/ notice for payment of overdue amount from the above mentioned banks.

2. Our Company has received a notice under section 13(2) of the SARFAESI Act from Bank of Baroda ("**BoB**") dated August 3, 2018, stating, *inter alia*, that (a) our Company has committed defaults in payment of interest in respect of certain facilities availed by it from a consortium of lenders led by Bank of India for the quarter ended June 30, 2018; and (b) the Company's loan account has been classified as a 'non-performing asset' on June 30, 2018. Further, BoB has called upon the Company to pay an amount of Rs. 1619.10 million within 60 days of the aforesaid notice.

3. Our Company has received a notice under section 13(2) of the SARFAESI Act from Andhra Bank ("**Andhra**") dated August 17, 2018, stating, *inter alia*, that (a) our Company has committed defaults in payment of interest in respect of certain facilities availed by it from a consortium of lenders led by Bank of India for the quarter ended June 30, 2018; and (b) the Company's loan account has been classified as a 'non-performing asset' on July 31, 2018. Further, Andhra Bank has called upon the Company to pay an amount of Rs. 1970.38 million within 60 days of the aforesaid notice. Further, the bank vide letter dated August 21, 2018 has invoked guarantee of Mr. Sanjay Dhingra (Promoter) and intimated about the freezing of debit transaction in his account and appropriation of credit balance towards liability of the Company account.

4. Our Company has received a notice under section 13(2) of the SARFAESI Act from Corporation Bank dated August 31, 2018, stating, *inter alia*, that (a) our Company has committed defaults in payment of interest in respect of certain facilities availed by it from a consortium of lenders led by Bank of India. The Company's loan account has been classified as a 'non-performing asset' on July 29, 2018. Further, Corporation Bank has called upon the Company to pay an amount of Rs. 1101.65 million within 60 days of the aforesaid notice. Further, the bank vide letter dated August 29, 2018 has invoked guarantee of Mr. Sanjay Dhingra (Promoter).Our Company has received a notice from Mahindra and Mahindra Finance Limited dated August 24, 2018, in respect of corporate loans availed by the Company and has classified the account as sub-standard assets (non-performing asset).

5. Our Company has availed short/ long term loan and Non-convertible debentures from IFCI Limited, Aditya Birla Finance Limited, Karur Vysya Bank, Hero Fincorp Limited, Mahindra and Mahindra Finance Limited, Woori Bank, Union Bank of India Limited (UK), KKR India Financial Services Private Limited. Due to non-payment of installment (principal/ interest), the Company has received recall notice/ notice for payment of overdue amount from the above mentioned banks. The total overdue amount as on August 31, 2018 of all the above term lenders is Rs. 508.70 million.

6. Our Company has received a notice under section 13(2) of the SARFAESI Act from Karur Vysya Bank ("**KVB**") dated August 30, 2018, in respect of corporate loans availed by the Company. KVB has demanded that our Company pay the entire amount of Rs. 210.33 million within 60 days from the date of the aforesaid notice. KVB has classified the account as sub-standard assets (non-performing asset) on dated August 16, 2018.

7. Our Company and our Promoter ("**Noticees**") have each received notices from IDBI Bank Limited (DIFC Bank) ("**IDBI DIFC**") dated July 24, 2018, and August 4, 2018, in respect of certain working capital facilities availed by the Subsidiary, namely Kwality Dairy Products FZE, from IDBI DIFC, for which the Noticees have each provided guarantees to IDBI DIFC. IDBI DIFC has, *inter alia*, alleged that the Subsidiary has failed and neglected to pay IDBI DIFC interest and other monies/dues on the principal amounts from time to time; cancelled the then unavailed credit facilities; declared that the outstanding dues aggregating to US$ 12.75 million have become due and payable; and called upon the Noticees to pay IDBI DIFC by August 20, 2018.

8. American Express Banking Corp ("**Amex**") has served a petition to be filed before the National Company Law Tribunal, Principal Bench, New Delhi, against our Company, our Promoter and Mr. Sidhant Gupta in their capacity as corporate debtors (the "**Corporate Debtors**"). Amex has alleged that the Corporate Debtors did not maintain financial discipline and committed willful and deliberate defaults in repayment of dues under certain credit cards availed from Amex. Further, Amex has sought for the recovery of Rs. 67.59 million as the amounts due and payable by the Corporate Debtors. Subsequently, Company has arrived a one-time payment/ settlement plan with Amex for payment of Rs. 62.0 million against total dues in tranches.

9. Our Subsidiary, namely Kwality Dairy Products FZE has received a notice from IDBI Bank Limited (DIFC Bank) ("**IDBI DIFC**") dated July 24, 2018, in respect of certain working capital facilities availed by the Subsidiary from IDBI DIFC. IDBI DIFC has, *inter alia*, alleged that our Subsidiary has failed and neglected to pay IDBI DIFC interest and other monies/dues on the principal amounts from time to time; cancelled the then unavailed credit facilities; declared that the outstanding dues aggregating to US$ 12.75 million have become due and payable; and called upon the Subsidiary to pay IDBI DIFC within a period of 10 days thereof. Our Subsidiary is in the process of responding to the aforesaid notice.

Litigation or Legal Action against the Promoter by any Ministry, Government Department or Statutory Authority

Except as set out below, there is no, and has been no, litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority against our Promoter during the last three years immediately preceding the year of this Preliminary Placement Document:

1. The Adjudicating Officer, SEBI, *vide* an order dated July 13, 2017, imposed a penalty of Rs. 0.2 million each on our Company and certain members of our Promoter Group, namely Mr. Sanjay Dhingra, Mr. Gulshan Dhingra, Mr. Naresh Dhingra, Mr. Kishan Dhingra and Ms. Kanika Dhingra (the "**Noticees**") under Section 15A(b) of the SEBI Act, in connection with certain violations of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended, pertaining to the failure to make disclosures pursuant to certain inter-se transfers of Equity Shares amongst the Noticees. Our Company and the Noticees have paid the aforesaid penalties.

Inquiries, Inspections or Investigations under the Companies Act

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013, or any previous company law in the three years immediately preceding the year of circulation of this Preliminary Placement Document in the case of the Company. Further, there were no prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Preliminary Placement Document

FINANCIAL STATEMENTS OF THE COMPANY

MSKA
&Associates
Chartered Accountants

The Palm Springs Plaza
Office No. 1501-08, Sector-54
Golf Course Road
Gurugram 122001, INDIA
Tel.: +91 124 281 9000

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 (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the 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 the consolidated Ind AS financial statements are free from material misstatement.

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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 control relevant to the Holding 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financialstatements.

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 the Ind AS, of the consolidated financial position of the Group as at March 31, 2018, and its consolidated financial performance including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the Notes to the consolidated Ind AS financial statements:

a) Note 47 of the financial statement regarding delays in payment of direct taxes as per requirements of Income Tax Act, 1961. Tax amounting to INR 17,929.09 lakhs includes income tax payable for earlier years. The amounts along with interest have been fully provided in the books of accounts of the Holding Company.

b) Note 48 of the financial statement regarding foreign currency receivables and payable outstanding over the respective time limit prescribed under the Foreign Exchange Management Act (FEMA), 1999. The Holding Company is currently in process of initiating settlement proceedings in respect of such dues. Pending outcome of such proceedings, we are unable to comment on its impact on the financial statements.

c) Note 49 of the financial statement regarding proceedings initiated under section 132 of Income Tax Act, 1961 on the Holding Company and some Directors. As part of routine process the Holding Company has received notices under section 153 and section 148. Since the assessment proceedings have not yet started, the Holding Company currently is not in a position to evaluate consequential impact, if any of possible tax adjustments.

Our opinion is not qualified in respect of these matters.

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Other Matters

a. We did not audit the financial statements of the subsidiary company, whose financial statements reflect total assets of INR 30,633.73 lakhs and net assets of INR 15,937.40 lakhs as at March 31, 2018, total revenues of INR 59,448.85 lakhs and net cash outflows amounting to INR 111.02 lakhs for the year ended on that date, as considered inthe consolidated Ind AS financial statements. This Ind AS financial statements have been audited by the other auditor whose report have been furnished to us by the management, and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of other auditors.

b. The consolidated IND AS financial statements of the Company for the year ended March 31, 2017, were audited by another auditor whose report dated May 26, 2017 expressed an unmodified opinion on those statements.

Our opinion on the consolidated Ind AS financial statements, is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and other financial information of subsidiary, as noted in the 'Other Matters' paragraph above, we report, to the extent applicable 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 of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) The matters described in Annexure A to this report under 'Material Weaknesses' paragraph, in our opinion, may have an adverse effect on the functioning of the Holding Company.

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MSKA

& Associates

Chartered Accountants

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company none of the directors is disqualified as on March 31, 2018 from being appointed as a director of the Holding Company interms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

(h) 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 and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other Matters' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 39 and 49 to the consolidated Ind AS financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2018.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2018.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

A Mitra
Partner

Membership No. 094518

Place: New Delhi
Date: May 28, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KWALITY LIMITED

[Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Kwality Limited on the Financial Statements for the year ended March 31, 2018]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Kwality Limited (hereinafter referred to as "the Holding Company") as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding 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 the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 was 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 auditor's judgement, 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 we have obtained, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Holding company.

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GURUGRAM

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 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.

Material Weaknesses

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2018:

a) The Holding Company did not have a mechanism to reconcile the 'cheque receipt and deposit register' with bank book. In the absence of such reconciliation, actual date of receipt of cheques cannot be ascertained (Cut Off). We have verified the date of receipt of cheque from date of posting in the bank book further their subsequent clearance verified from bank statement.

b) Debit/ credit note pertaining to procurement of material, recording of trading sales and journal entries are not authorised in the automated system. Further no competitive quotations are obtained for purchase of fixed assets. Absence of above controls may have an impact on the accuracy of relevant account balance. Absence of comparative quotation may have impact on the purchase price. We have performed other corroborative procedures such as verification of manual authorisation along with necessary supporting document besides obtaining independent year end balance confirmation from select vendors.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

MSKA & ASSOCIATES
GURUGRAM

In our opinion, and to the best of our information and according to the explanations given to us, the Holding company, have, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2018, based on the internal control over financial reporting criteria established by respective companies considering the essential components of internal control stated in the Guidance Note and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the internal financial controls over financial reporting of the Holding company, were operating effectively as of March 31, 2018.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 consolidated financial statements of the Company, and these material weaknesses does not affect our opinion on the consolidated financial statements of the Company.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting is not applicable insofar as it relates to subsidiary company which is incorporated outside India

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Amit Mitra
Partner

Membership No. 094518

Place: New Delhi
Date: May 28, 2018

Kwality Limited
Consolidated Balance Sheet as at 31 March 2018
(AU amounts in INR lakhs, unlc8' otherwise stated)

	Note	As a! 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	45,976.25	43,135.28
Capital work-in -progress		5,627.64	662 15
In\estment property	7	579.85	622 06
Intang1ble assets		131.04	134.22
Financial assets			
Investments	9	15.66	
Loans	10 A	79.29	87 27
Other financinl assets	11 A	158.63	264 15
Deferred tax assets (net)	12		822 67
Other non-current assets	13 A	13,11711-117	27,167.4•1
Total non - current assets		GG,447.23	72,895.24
Current assets			
In\•entorics	14	23,633.11	35,142 20
Financial assets			
Trade receivables	15	189,768.24	157,918.59
Cash and cash cquiv0tlents	16	6,484.11	8,402 94
Other bank balances	17	3,064.04	2,924.52
Loans	10 B	48.36	26.67
Other financial assets	11 B	676.29	488.79
Other current assets	13 B	S7,9!1J.!15	2.S.02.S.63
Total current assets		281,673.20	229,929.3
Total assets		348,120.43	302,824.58
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	2,413 54	2,373.56
Other euity	19	1 2,.245.89	JIW:\56.GI
Total of Equity		125,659.<13	U1,730.17
Liabjlities			
Non-current liabilities			
Financial liabilities			
Borrowings	20 A	46,811 29	50,311.93
Other financial liabilities	23 A	350 72	1,027.56
Other non-current liabilities	24 A	48202	
Provisions	21 A	413.91	270.24
Deferred tax liabilities (net)	12	92.99	
Total non current liability		•18,150.93	SJ,609.73
Current liabilities			
Financial liabjJfries			
Borrowings	20 B	116,939.84	108,652.15
Trade payables	22	15,309.76	10,127.96
Other financial liabilities	23 B	23,157 32	9,642.44
Other current liabilities	24 B	875.07	1,244 52
Provisions	21 B	98 99	35.42
Current tax liabilities (net)	25	17,929.(J	9,7!\2.19
Total current liability		174,110.07	139,<llW.68
Total liability		222,461.00	191,094.'11
Total equity and liabilities		3<18,120.43	302,824 58

Summary of significant accounting policies
The accompanying notes are integral part of the Consolidated Financial Statements.

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

For MSKA & Associates
Chartered Accountants
Finn's Registration No : 105047\V

MSKA & ASSOCIATES GURUGRAM

A Mitra
Membership No. 094518
Partner

Place: New Delhi
Date: 28 May 2018

For :10 11 behalf of the Board of Directors of
Kwnlic ... Limited
CIN No. L74899DL1992PLC255519

(Sanjay Dhingra) Managing Dm..cl
11 , 2537vl) J1

(Si ... Gupta) Dil

c::J_,, .

(S:1 >Sh Kumar Gupta)
Chief Financial Officer
PAN ; MoUPG2708P

(Pradeep K. Srivastava)
Company Secretary
M No FCS6763

Place: New Delhi
Date; 28 May 2018

KWALITY LIMITED NEW DELHI

Kwality Limited

Consolidated Statement of Profit and Loss for the year ended 31March 2018

(All amounts in INR lakhs, unless otherwise stated)

	Note	For the year ended 31March 2018	For the year ended 31March 2017
Revenue			
Revenue from operations	26	731,936.48	687,182.99
Other income	27	1,324.89	1,370.18
Total income		733,261.37	688,553.17
Expenses			
Cost of materials consumed	28	519,066.04	490,087.73
Purchase of stock-in-trade	29	120,621.14	148,340.11
Changes in inventories of finished goods, working in progress and stock-in-trade	30	13,309.33	(17,970.33)
Employee benefits expense	31	5,909.54	4,007.98
Finance cost	32	24,491.30	18,141.43
Depreciation and amortisation expense	6, 7 & 8	12,632.33	2,233.32
Excise duty paid	33 A	2.31	4.00
Other expenses	33 B	20,694.47	17,353.52
Total expenses		716,726.46	662,197.76
Profit before tax		16,534.91	26,355.41
Current tax	34	6,372.61	6,602.35
Deferred tax		927.71	338.15
Profit after tax		9,234.59	19,414.91
Other comprehensive income/ (loss)	35		
A. Items that will not reclassify to profit or loss			
(i) Re-measurements (loss) on employee benefits		(34.81)	(2.40)
(ii) Income tax relating re-measurements gain on employee benefits		12.05	0.83
B Items that will be reclassified to profit or loss in subsequent period			
(i) Exchange difference on translation of foreign operations		33.93	160.55)
Other comprehensive income/ (loss) for the year		11.17	162.12)
Total comprehensive income for the year		9,245.76	19,252.79
Earnings per equity share	36		
Basic		3.86	8.24
Diluted		3.85	8.20
Summary of significant accounting policies	5		

The accompanying notes are integral part of the Consolidated Financial Statements

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

For MSKA& Associates
Chartered Accountants
Firm's Registration No. : 105047W

Amit Mitm
i\fembcr hip No. 0945 18
l':wncr

Place: New Delhi
Date: 28 May 2018

Fo 'lnJ on behalf of the Board of Directors of
Kwality Limited
CIN No.: L74899DL1992PLC255519

(Sanjay Bhingra)
Managing Director
[DIN:00025376]

(Sidhant Gupta)
Director
[DIN:00555513]

(Satish Kumar Gupta)
Chief Financial Officer
PAN : AEUPG2708P

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

Place: New Delhi
Date: 28 May 2018

Kw-:.1lity Limited
Coosolid:ited Sbtemcot of Changes in Equity for the year coded 31 March 2018
(;\II :unowus in INR bkh:-i. ut1less otht.:t"\\ isc smcd)

A Equity Share Capiul

P:irticufars	Amount
:\s :it 1\pcil 2016	:?239 12
CJl.msin cquit: sh.u-c capir:;tl	1H44
As at March 31, 2017	2,373 56
Chang"Cs ln c9uiry h.uc c;,1.pital	3998
Aa at Much 31, 2018	2,4U.S4

B Otbi;:-,-Equir,

P:uticulan;	Note	Share application money	Moniesreceived against share \\U'2ntll	R&S11rp11.11 Securities premium	Employee's stock options outsundin2"	Ret2mcd eun1ngs	Ot.bn ccattprtlten$h income .RC'lc-t\.'C' ITFore'tg Curren cy r:i.usi.at1011 escrve	Remeasurement of defined benefit pl2os	Debenture Redemption Reserve	Tou.1 equity itUributablc to equity holden of the Company
B:ll:mcc.:u.-;.t 1April201'			1.250.00	9,792.75	916.67	70,772.74	370.20	16.91		83.11927
Profit for d\t' ye:u:	N "					19.414 91				19.41491
01..-dc'rtd1						(236 09)				(23609)
T3JC on di,idcnds						(4806)				(4806)
rnouru re..:cin≥J :ig.1111st share'\\-.Ur.vns			3.75000							3,75000
Slwt1w.u:r.tms issued during the yc;tr	n "		6251))							62SOlJ
Erufilor« srock option expense	"				384 58					.184.58
EtnpJolu i;wckoption cxccciscd/b.p:>ed during the year	▾ ▾				(85433)					(834 53)
"'C\mna premium reccivt."Cion issue of shares				K.:?02r!.						8201.72
,..ur..mr:i converted into eqwry sh':JrCS	n		(5.tJtJO 00)							(5,<))\)\)t
-\pplcnuan money pclldng :tllotment	n	160.93								16093
Od"'''	N						(16055)	11 0il		f16:? 111
B:ibn«::as •tJl M3tcb 2017		160.93	625.00	17.995.47	446.72	89.903.50	209.65	1;34		109,35C..6J
J'Nfit for the vcac	19 (0)					9,234 59				9,234 59
D1,'dctith	19 (D)					P1796;				(237.96)
· on di\-idcnds	19 (D}					1484-1)				(-18."4)
Dr::lK"rmlte redemption reserve	19(GJ &20					(1,313 25)			1,3:?3 23	
Sh.itt\\-:ternts issued during che yeu-										
Emrloytt stock option cxpcnsc	19(C)				1,622 5'.?					1,62131
EmpSott smck option exercised	19(C)				(42739)					(417 59)
Emptt stock option lapsed					(23 14)	23 14				
Sccutsta premium received on issue of sh:.u:es	19(B)			4,52092						4,52092
:\tnuunr recc1\ed ;1gamsr slurc""Acr:l.t'lrs			1,875 00							1,8750\J
IW. share captral 1sucd	19(AJ &(EJ	(16093)	(2,S<JO 00)							(2,66093)
o,i,.,.	19 tF1						33.93	('.?:276)		1117
B'lb.uoc uat31Man::h 201&				2251639	1,618.51	97.SSLS8	243.58	(7.42)	1323.25	ID.245119

.Summary of signifi..::mr a..:..:ounting policies
The accompanying noccs are uucgral parr of the Consoli(];ucd F111ancial Sr:itcmcnrs
This L\ chc Sr:ucmcnt of Ch.mgcs in Equ.i'0' rereacd m Ul our rL-porr of on n dare

For MSKA & Associ:oatcs
Chartered Accountants
Firm's R:::tr-.i.tion No 105047\'<'

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Pl:i...:c:NewDeUu
D<trc: 28,.\Car 2018

For and on behalf of the Board of Directors of
Kwality Limited
CIN No. L74899DL1992PLC255519

(Sanjay Dhingra)
Managing Director
[DIN 00025376]

(Sidhant Gupta)
Director
[DIN 00565515]

(Satish Kumar Gupta)
Chief Financial Officer
PAN : AEUPG2708P

(Pradccp K. Sriv2stava)
Comp ui)' Sccn:mry
,\[No FCSG763

Phcc: Ne" Delhi
D:.ite:28.\(:.11
2018

KWALITY LIMITED NEW DELHI

KwalityLimited
Consolidated Cash Flow Statement for the year ended 31 March 2018
(:\II ;unounts in INR lakh!', unless othcrwjse slated)

	As at 31March2018	As at 31March2017
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before ta:<	16,534 92	26,355.41
Adjustments for:		
Depreciatio1 1 a1 1d amortisatlo1 1 expense	12,632.15	2,233 32
(Gain)/ Jm;s on disposaJ of fa:ed assels (net)	90.36	(15.85)
Interest income	(86 84)	(227 15)
Gain on foreign currency transactions (net)	(17297)	258 79
Fin:rncc costs	24,491.30	18,141 43
Share based payment expe1lse	1,622 52	384.58
Prnvision for doubtful ad\•ances/receivablcs	400.00	
lm emt:nt in prm'ision for employee benefits and	17244	237.33
others Release of derivati,•e lr.tbiliry	(676 84)	
Fina1 1ce incomeon compulsorilyconvertibledebentures	(146 79)	
Dcri, ari\re liability nl'ense		700.63
Operating profit before working capital changes	54,860.25	48,068.49
Movement in working capjral		
(Increase) in cmrent loans	(21.69)	(18.56)
((1 1crease) in non - cucrcnt loans	(1040)	
Decrease/ (increase) in Uwentories	11,524.74	(18,086.86)
Decrease in orher financial assets	141.81	678.22
(Increase) in other non current assets	(8,721.70)	(7,627 48)
(Increase) in other current assets	(20,971.08)	(2,932.53)
(Decrease) in other current liabilities	(493.01)	(193.27)
(Increase)/ decrease in trade and other receivables	(31,956.15)	6,881.02
I1 1crease in other financial liabilities	14320	347.00
Increase in trade and orher payables	5,147.68	4,475.03
Chn.nge in working capital	(45,216.60)	(16,477.43)
Cnsh flow from operating activities post working capital changes	9,643.65	31,591.06
Income tax paid (net)	(1.096 05)	(4,523.16)
Nee cash Oow from operaling ac1ivi1ics (A)	8,547.60	27,067.90
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fo>ed assets (including capital work-in-pro,gress)	(9,666.72)	(27,592.34)
Proceeds from sale/disposal of fixed assets	17.42	61.62
Pl1rchase of inrang1ble assers	(22.12)	(16.88)
Put:chase of cuucnt and non-current im•cstmenrs	(15 66)	(19.36)
fonment i1 1 fixcd deposits (11ct)	(135.62)	(191.57)
Jntcrest recel\•cd	86 84	227.15
Net cash flows used in investing aclivities (B)	(9,735.86)	(27,531.38)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of capital (including securities premium and share application mone)')	1,947.39	7,643.55
Proceeds from long-term borrowings (net)	6,014.43	27,450.74
Proceeds/ (ceparmenr) of short-term boccowi.ngs {11et)	11,203 11	(12,807.17)
1\lo\'Cment in retained earn1ngs		(787.12)
rinance cost paid	(19,58579)	(17,390 31)
Dividend paid (including tax)	(295.70)	(284.15)
Net cash used in financing activities (C)	(716.56)	3,825.54
(Decrease)/ increase in cash and cash equi\•alents (A+B+C)	(1,904.82)	3,362.06
Cash and cash equi\•a.lents at the beginning of the reac	8,402.94	5,040.88
Effect of foreign exchange on foreign operation	(14.01)	
Cash and cash equivalents at the end of the year	6,484.11	8,402.94

Hmmdlit1lio1 1 of m.rh mu/ tm/J ttplitvlfe1 1/.r asper the ca.r/Jflow slnleme1 1t

C:ti-h anti cash equivalent as per above comprise of the following

C:ishand Cash cqui.\•ale1 1ts (Note 16)	6,484.11	8,402.94
Balance as per statement of cash flows	6,484.11	8,402.94

Summary of significant accounting policic"
1heaccompanringnotesarc integral pact of the Collsolidated Fi.il.a.nci.al Statements
Thi.<:. is the Cash Flow Sr.-tement refereed to in our report of C\'en elate.

For MSKA & Associates
Chartered Accountants
foinn's Registration No.: 105047\V

Ao
i\Jembership No. 094518
P;:1.rtner

Place-: New Delhi
Dare: 28 JI.lay 2018

MSKA & ASSOCIATES GURUGRAM

For and on behalf of the Board of Directors of
Kwality Limited
CIN No.: L74899DL1992PLC255519

(Sanjay Dhingra)
Managing Director
DIN:00025376]

(Sidhant Gupta)
Director
[DIN:00555613]

(Satish Kumar Gupta)
Chief Financial Officer
PAN : AEUPG2708P

(Pradeep K. Srivastava)
Company Seccetal)'
M.No l'CS6763

Place: New Delhi
Date: 28 JI.lay 2018

KWALITY LIMITED NEW DELHI

1. Nature of principal activities

Kwality Limited ('Kwality' or 'the Parent' or 'the Company'), a public limited Group, together with its subsidiary (collectively referred to as the 'Group'). The Group is engaged in manufacture/processing and sale of milk, milk products and dairy products. The Group operates both in domestic and international markets. The registered office of the Parent is situated at KDIL House, F-82, Shivaji Place, Rajouri Garden, Delhi 110027, India.

2. General information and statement of compliance with Ind AS

The financial statements of the Group 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 Group 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.

The financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 28 May 2018.

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;

Basis of consolidation

Subsidiary

The Group combines the fmancial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. Standards issued but not yet effective and have not been adopted early by the Group

Information on new standards, amendments and interpretations that are expected to be relevant to the fmancial statements is provided below.

Ind AS 115 'Revenue from Contracts with Customers' (Ind AS 115)

The new standard on revenue recognition overhauls the existing revenue recognition standards and will replace Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:
i. Identification of the contracts with the customer
ii. Identification of the performance obligations in the contract
iii. Determination of the transaction price
iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii)
v. Recognition of revenue when the Group satisfies a performance obligation.

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KWALITY LIMITED NEW DELHI

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, lvlinistry of Corporate Affairs (":MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing AppendL'I: B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Group has evaluated the effect of this on the financial statements and the impact is not material.
The effective date of the new standards has been notified by the MCA as 1 April 2018. The management is yet to assess the impact of these new standards on the Group's financial statements.

5. Summary of significant accounting policies

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

5.1 Current versus non-current classification

The Group 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 t\velve 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 Group has identified twelve month as it's operating cycle.

5.2 Foreign currency

Functional andpresentation cu1renry
The financial statements are presented in Indian Rupee ('INR'), which is the Group's functional and presentation currency.

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KWALITY LIMITED NEW DELHI

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.

5.3 **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable inclusive of excise duty net of rebate and other taxes. The Group applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

Sale of goods
Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customer. Sales are recorded inclusive of excise duty and net of sales returns, sales tax, goods and service tax (GST), rebates, trade discounts and price differences.

Income from services
Revenue from milk processing and other services, if any, are recognized as and when services are rendered and are accounted on an accrual basis.

Interest income
Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

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

5.4 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 or sale. 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.

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5.5 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 Group. 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.

5.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties are depreciated using straight line method.

5.7 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.

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KWALITY LIMITED NEW DELHI

Subsequent measurement (amortisation)
Intangible asset 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 Group provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

5.8 Operating leases

Group is lessee
Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to statement of profit and loss on straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

Group is lessor
Lease income from operating lease where the group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

5.9 Impairment of non-financial assets

At each reporting date, the Group 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.

5.10 Financial instruments

A financial Instrument is any contract which gives 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.

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 expires. When an existing fmancial 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.

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KWALITY LIMITED NEW DELHI

Classification and subsequent measurement of financial assets

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

- 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 Group's cash and cash equivalents, trade and most 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.

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KWALITY LIMITED NEW DELHI

Derivative contracts

A delivative forward contract is recognised as an asset or a liability on the commitment date. Outstanding forward delivative contracts as at reporting date are fair valued restated using the mark to market information and resultant gain/ Ooss) 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 isks 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.

Fair value hedges

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

The Group has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of its 8.25% fixed rate secured loan. See Note 43 for more details.

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.

5.11 Impairment of financial assets

In accordance with Ind-AS 109, the Group 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 Group in accordance with the contract and all the cash flows that the Group expects to receive discounted at original effective tax rate (ETR). \V'hen estimating the cash flows, the Group 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 Group applies approach permitted by Ind AS 109 Financial Instrnments, 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 Group 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.

MSKA & ASSOCIATES
GURUGRAM

5.12 Inventories

Inventory includes raw material, packing material, stores and spares (not covered under property, plant and equipment), 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.

5.13 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 for the reporting period. 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.

l\1inimum alternate tax ('lvlAT') 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 1v1AT 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 1v1AT 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 generally 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 Group'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.

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).

5.14 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.

MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

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

Sh01t-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-employmmt benefits

Defined contributionplans:
Group'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 benefitplans:
The Group'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 Group'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.

Bonus plans:
The Group recognises a liability and an expense for bonus. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

5.16 Sharebasedpayments

The Employee Stock Option Plan ("the Scheme") provides for grant of equity shares of the Group to the employees of the Parent and its subsidiaries. The Scheme provides that employees are granted an option to acquire the equity shares of the Group 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 Group will be allotted equity shares.

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

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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.

5.18 Provisions, contingent liabilities and contingent assets

P1vvisions and contingent liabilities:
A Provision is recognised when the Group 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 are expected to be recovered from a third party, the receivable is recognised as a separate asset if it is virtually certain that reimbursement \vill 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 Group 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 be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Group 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.

5.19 Dividends:
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period,.

5.20 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.

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5.21 Government Grant

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

5.22 Significant judgement and estimates in applying accounting policies

The preparation of the Group'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 Group 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 Group'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.

Classification of Leases -The Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

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 Group 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 Group 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 Group'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 Group 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. l'vfanagement 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.

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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.

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.

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6 Property, plant and equipmenc

	Freehold land	Building	Plant and machinery	Office equipment	Computers	Furniture and f
Gross carrying amount						
At 1 April 2016	1,052.78	1,873.24	10,179.14	42.22	186.99	
Additions		552.36	18,964.41	19.12	29.16	
Currency translation reserve		-		0.99		
Disposals/assets written off						
Transfer from capital work in progress	-	8,809.65	10,293.ST	-		
Balance as at 31March 2017	1,052.78	11,235.25	39,437.42	62.33	216.15	
At 1 April 2017	1,052.78	11,235.25	39,437.42	62.33	216.15	
Additions		10.56	15,287.55	31.60	18.37	
Currency translation reserve	-	-	-	(0.38)	-	
Disposals/assets written off			(1,941.15)	(0.69)	(101.15)	
Balance as at 31March 2018	1,052.78	11,245.81	52,783.82	92.86	133.37	
Accumulated depreciation						
At 1 April 2016		608.61	6,606.10	27.55	155.41	
Charge for the year		287.78	1,685.03	9.35	22.56	
Currency translation reserve			-	0.37		
Adjustment for disposals	-				-	
Balance as at 31March 2017		896.39	8,291.13	37.27	177.97	
At 1 April 2017	-	896.39	8,291.13	37.27	177.97	
Charge for the year		976.09	11,369.41	18.57	26.31	
Currency translation reserve			-	(0.22)		
Adjustments for disposals			(1,841.59)	(0.66)	(95.83)	
Balance as at 31March 2018	-	1,872.48	17,818.95	54.96	108.45	
Net book value as at 31March 2018	1,052.78	9,373.33	34,964.87	37.90	24.92	
Net book value as at 31 March 2017	1,052.78	10,338.86	31,146.29	25.06	38.18	

(i) Contractual obligations
Refer to note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(ii) Capitalised borrowing cost
The capitalisation rate used to determine the amount of borrowing cost eligible for capitalisation is Nil (31 March 2017- 11.29%). Borrowing cost capitalised during the year is Ni

(iii) The gross carrying amount of property, plant and equipment fully depreciated that is still in use is INR 161.04 lakhs (31 March 2017 - INR 1,828.23 lakhs)

(iv) Refer note 20 for information on property, plant and equipment pledged as security by the Company.

(v) Capital work in progress mainly comprises machinery - VAP cheese plant and automatic milk collection unit at Softa location. As management is currently focusing on already Production of cheese plant has been deferred for a short period of time. Automatic Milk Collection Unit will be capitalised on completion of project with in a year itself.

(All amounts in INR lakhs, unless otherwise stated)

7 Investment property

	Building	Total
Gross cnrrvin amount		
At I A ril 2016	668.20	668.20
Additions		
Currency translation reserve	41.20	41.20
Balance as at 31 March 2017	709.40	709.40
At 1April 2017	709.40	709.40
Additions		
Currenq• translation reserve	(15.6	(15.65)
Balance as at 31 March 2018	693.75	693.75
Accumulated depreciation		
At 1A ril 2016	57.78	57.78
Charge for the year	27.75	27.75
Currency translation reserve	1.81	1.81
Balance as a t 31 March 2017	87.34	87.34
At 1A ril 2017	87.34	87.34
Chacge for the year	27.88	27.88
Currcncr translation reserve	(1.32)	(1.32)
Balance as at 31 March 2018	113.90	113.90
Net book value as at 31 March 2018	579.85	579.85
Net book value as at 31 March 2017	622.06	622.06

a) "l11c Group's investment propecties consist of two pcoperties, one of them located at Citadel Towec, Business Bay, Dubai having value of AED 1,485,000 and owned in the name of ivlr. Sidhant Gupta, Director in Pacent Company and second property located at Execu tive Towers, Business Bay, Dubai having value of AED 2,287,500 and owned in the name of Kwality Dairy Products FZE. These values are excluding expenses which are also capitalised as disclosed in Note 7 amounting to AED 157,396.

b) The Citadel Tower property is held on behalf of the Company and it is being used to earn rental income. As per the law of Free Zone En tcrpcises, Corporate entity can **not hold resident property in their own name, hence same has been fegistered in the name of i\fr. Sidhant Gupta, Director in Holding Company who does not have any** eight on property nor does any economic benefit from this propccty flow to him.

c) As per management the investment properties arc not measured at fair value and recorded at cost value.

d)Thc investment property has been mortgaged to bank against bank borrowings (refer note 20).

e)'l11c Company has no restrictions on the realisabili ty of its investment properties and no contractual obligations to purchase, construct or develop investmen t properties **or for repairs, maintenance and enhancements.**

(ii) Amount rcco1miscd in orolit and loss for investment pro1>ertics

	31 March 2018	31 March 2017
Rentalincome	17.69	17.74
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generated rental income		(3.36)
Profit from lcnsine. of investment p[Of1Cl"lics	17.69	l4.38

(iii) Leasing arrangements

lmcstment properties are leased to tenants under long-term operating leases with centals payable monthly. Refer note 40 B for details on fu ture minimum lease rentals.

(iv) Fair value

Particulars	31 March 2018	31 March 2017
Fair value	723.31	723.31

The Group obtains jndependcnt valuations for its investment properties at least annually. The best evidence of fair va1ue is current prices in an active market for similar properties. \Vherc such information is not available, the Group conside r information from a \'ariety of sources including:

a) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

b) di,counted cash flow projections based on <eliable estimates of futuce cash flows.

c) capitaLised income projecti ons ba.sed upon a property's estimated net market income, and a capitalisation rate deri,ed from an analysis of market c'idence. 'The fair ,a.lucs of investment properti es have been determin ed by external valuer. The main inputs used arc rental growth rates, expected ,acancy rates, terminal yjeJd and discount rates ba.scd on industry d:ita.

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(All amounts in INR lakhs, unless otherwise stated)

8 Intangible assets

	Copyrighl	Software	Total
Gross carrying amount			
At I April 2016	100.00	77.94	177.94
Additions		16.88	16.88
Disposals/ assets written off			
Balance as at 31March 2017	100.00	94.82	194.82
At 1 April 2017	100.00	94.82	194.82
1\dditions		22.12	22.12
Disposals/assets written off			
Balance as at 31March 2018	100.00	116.94	216.94
Accumulated amortisation			
At 1 April 2016		39.26	39.26
Charge for the year		21.34	21.34
Disposals/assets written off			
Balance as at 31March 2017		60.60	60.60
At I April 2017		60.60	60.60
Charge for the year	20.03	5.27	25.30
Disposals/assets written off			
Balance as at 31March 2018	20.03	65.87	85.90
Net book value as at 31March2018	79.97	51.07	131.04
Net book value as at 31March 2017	100.00	34.22	134.22

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	As at 31 March 2018	As at 31 March 2017
Note - 9		
Mutual Fund*		
Quoted imTcstmcn ts	15.66	
	15.66	
Aggregate book value of.		
Quoted investments	15.66	
Unquoted investments		
Aggregate market value of quoted investtnent!	15.66	

*Details of investments in mutual funds (Quoted) designated at FVTPL:

Particulars	Face Value (in INR)	Number of units (in h1khs) As at 31March 2018	As at 31 March 2017	Amount As at 31 March 2018	As at 31 March 2017
Canara Robeco Capital Protect ion- Regular Grow th Plan (Maturit)'Date: 16Jul)', 2020)	10	1.50		15.66	

	As at 31 March 2018	As at 31 March 2017
Note -10		
A Loans - non current assets*		
(Unsecured, considered good)		
Securiq• deposits**	79.29	87.27
	79.29	87.27

**Deposits given to various government department/ utility department

B Loans - current assets*		
(Unsecured, considered good)		
Sccurit}' deposits	25 86	1.72
Loans to employees	22.50	24.95
	48.36	26.67

*These arc carried at amort1scd cost

	As at 31 March 2018	As at 31 March 2017
Note -11		
A Other financial assets - non-current		
Bank deposits with remaining maturity of mote than 12 months*	158.63	264-15
	158.63	264.15

*All of the above deposits have been pledged with banks against guarantees, letter of credit and cash cred1t limit given by the banks and financial institutions

B Other financial assets -current		
In.tccest recoverable	670.97	488 79
Rent receivables	5.32	
	676.29	488.79

	As at arch 2018	As at 31 March 2017
Note -12		
Deferred tax liabilities (net)		
Deferred tax asset arising on account of :		
Property, plant and equipment		723.94
Provision for doubtful debts	138.43	
Provision for employee benefit expenses	104.24	64 24
Borrmvings	12073	34.49
Pcm ision foe deferred re,-enue (EPCG)	255.70	
Total deferred tax assets	619.10	822.67
Deferred ta..".I: liabilities arising on account of :		
Propert)', plant and equipment	(712.09)	
Total deferred tax liabilities	(712.09)	
Net deferred tax (liabilities)/ assets	(92.99)	822.67

(i) Deferred tax arislng on all the items has been recognised in the Statement of Profit and 1....oss except for deferred tax arising on account of actuarial gain/ Qoss) on long tenn employee benefit, a paa of \Vhich has been recognised in other compl'ehensive 1ncome on account of actuarial gains and losses.

(ii) Movement in deferred tax (net)

Panicu1ars	As at 31March 2017	Recognised in Statement of Profit and Loss	Recognised in Equity	As at 31 March 2018
Deferred tax assets/ (liability)				
Property, plant and equipment	723_94	(1,436-03)	12.05	(712.09)
Pro\•ision for employee benefit expenses	64.24	27.95		10424
Proyision for doubtful debts		138.43	-	138.43
Provision for deferred rcYenuc (EPCG)		255.70	-	255.70
Non-current liabilities				
Borrowings	34.49	86.24		120.73
Total	822.67	(927.71)	12.05	(92.99)

Note - 13	As at 31 March 2018	As at 31 March 2017
A Other non-current assets		
Capita]advance	2,218.34	24,228.23
Prepaid expenses	1.63	5.20
Advance to material/service providers	11.58'JO	2,93 .0I
	B,878.87	27,167.44
B Other current assets		
Ach□ancc to material/ service providers	55,843 35	24,563 61
Prepaid expenses	138.33	83-55
Balances with statutOI:)'authorities	1,724.66	9254
Amount paid under protest•	285.70	260.39
Other advances	7.01	25 54
	57,999.05	25,025.63

*Deposited with revenue authorities. Refer note 39.

Note - 14 Inventories	As at 31 March 2018	As at 31 March 2017
Raw materials	261.35	431.03
\Vork-in-pcogress	5,261.08	14,844.63
Finished goods (other than those acquired for trading)	12,738.55	15,017.10
Stock-in-trade (acquired for trading)	2,619.88	4,067.11
Stores and spares	474.86	240.30
Packing material	2,277.39	542.03
	23,633.1l	35,142.20

Note
1 Write-downs of inventories to net realisable value amounted to INR 1027.13lakhs (31 March 2017- INR 155.93 lakhs) recognised as an expense during the year and included in 'changes in value of inventories of work-in-pmgress, stock-in-trade and finished goods' in Statement of Profit and Loss

Note -15 Trade receivables	As at 31 March 2018	As at 31 March 2017
Unsecured		
Considered good	189,768.24	157,918-59
Considered doubtful	400.00	
Less: Provision for doubtful debts (Refer note 43)	(400.00)	
	l89,768.24	l57,918.59

Note -16 Cash and cash equivalents	As at 31 March 2018	As at 31March 2017
Cash on band	73.51	188.90
Balances with banks:-		
In current accounts	339 28	692-05
Cheques in hand	G,071.32	7521.!19
	6,484.1l	8,402.94

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(All amounts in INR lakhs, unles. otherwise stated)

	As at 31 March 2018	As at 31 March 2017
Note -17		
Other bank balances		
Unclaimed dividend accounts*	37.51	46 81
B:rnk deposits		
\V1th maturity mocc than three months but upto twelve months**	3,026.53	2,877 71
	3,064.04	2,924.52

* Unclaimed dividend account pertains to dl\•idend not claimed b)' equity shareholders and the Company does not have any right on the said mone
**All of the above deposits have been pledged with banks against guarantees, letter of credit and cash credit limit g;vcn by the banks and f1J1ancia1 institutions

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(All amounts in INR lakhs, unless otherwise stated)

	As at 31 March 2018		As at 31 March 2017	
Note - 18				
Equity share capital	Number	Amount	Number	Amount
Authorised				
Equity share capital of face nlue of INR 1 each	1,000,000,000	10,000.00	1,000,000,000.00	10,00000
	1,000,000,000	10,000.00	1,000,000,000	10,000.00
ii Issued, subscribed and fuUy paid up				
Equity hare capital of face v:tlue of J NR 1 each	241,354,382	2,413.54	237,355,554.00	2,373 56
	241,354,382	2,413.54	237,355,554	2,373.56

iii Reconciliation of number of equity shares outstanding at the beginning :.nd at the end of the year

	As at 31 March 2018		As at 31March 2017	
Equity shares	Number	Amount	Number	Amount
Balance at the beginning of the yc:u	237,355,554	2,373.56	223,911,822	2,239.12
Add: Issued during the year	3,998,828	39.98	13,443,732	134.44
Balance at the end of the year	241,354,382	2,413.54	237,355,554	2,373.56

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 pa)'S dividend In Indian rupees.
- In the event of liquidation of the Company, the equity share holder wiU 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°/oshare capital

	As at 31 March 2018		As at 31 March 2017	
N:um:. nr the equity sharchold..:r	Number	%	Number	%
Sanjay Dhingra *	132,154,714	54.76	152,154,714.00	6410
Pashupati Dairies Private Limited			14,441,693.00	608

*Refer note no. 20 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 contmct(s) without payment being cecei\•ed in cash,

-No bonus issues ha,c been done in preceding fi,•c 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 Compulsorily convertible debenrures/ \X'arrants of the companr, refer note *19*.

Note -19	As at 31March 2018		As at 31 March 2017	
Other equity	Number	Amount	Number	Amount
A Reserve and surp]us				
Money received against share warrants				
Opening balance		625	10,362,694	1,250
Amount received against \Varrants		1,875		3,750
\Varcants issued during the year			1	625
Convertible wammts converted into equity shares during the year	(1.00)	(2.500)	(10,362,694)	(5,000)
Closing balance				625

Money received agalnst Convertible Warrants represents amount receiYed which entitles the warrant holder, the option to appl}' for the equity shares of the face value of INR 1 each. The Company on preferential basis has allotted the following Convertible \X'acrants in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations, 2009).

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(All amounts in INR lakhs, unless otherwise stated)

Nam\! of allonees	No. of convertible warrants	Consideration (Amount)	Amount received as % of issue price	Date of allotment of warrants/shares
Convertible warrants outstanding at the 1 April 2016	10,362,694	1,250	25%	
Add: Issued during the rear		625	25%	22 August 2016
Add: Received during the rear againsr opening		3,750	75%	7 & 8 April 2016
Less : Com'crtcd to equity share during the year	10,362,694	(5,000)	100%	9 April 2016
Convertible warrants outstanding as at 31 March 2017	I	625		
Convertible warrants outstanding at the 1 April 2017		625	25°/u	
Adtl: Issued during the year				
A\<hl: Received during the year		1,875	75%	16 f'eburary 2018
Lc'Jl : Convelted to equity shue durlng the year	(1)	(2,500)	100%	19 Feburary 2018
COO\'Cniblc warrants outstanding as at 31 March 2018				
Convcrcn,11: warrants convened during the year	31 March 2018	31 March 2017		
1 Sidhant Gupta		5,181147		9 Apcil WI<•
2 Sidhant & Sons HUF		5,181,347		9 April 21116
3. Bennett, Coleman and Company Limited				19 f'eburary 2018
Tolul		10,362,694		

fn the previous year the allottees at Sr.no.I & 2 exercised their right to convert the Com•ertible \\larrants into equity shares after pa}'ing the balance amount and accordingly 5,181,347 equity shares each were issued to Mr Sidhant Gupta. and Sidhant and Sons HUF for an aggregate consideration of JNR 2,500 each.
During the year the allottees at Sr.no.3 exercised their right to convert the Com□erible \Varrants into equity shares after paying the balance amount and accordingly 2,169,762 equity shares were issued to Bennett, Coleman and Company Limited for an aggregate consideration of INR 2,500.

Utilisation of proceeds of Convertible Warrants converted: The balance amount of INR 1,875 received during the year against Convertible \Varrants has been utilised towards advertlsement in print & non-print media-

	As at 31 March 2018	As at 31 March 2017
B Securities premium reserve		
Opening balance	17,995.47	9,792.75
Received during the year	•,;20.n	8,202.72
Closing balance	22,516.39	17,995.47
C Employee's stock option reserve		
Opening balance	446.72	916.67
Transferred/adjustment during the year	1,622.52	384.58
Cancelled during the year	(23-14)	
Exercise during the year	(427.59)	(854.53)
Closing balance	1,618.51	446.72
D Retained earnings		
Opening ho.lance	89,903.50	70,772 74
Profit for the year	9,234 59	19,414.91
Add: Employee stock option plan resenrc	23.14	
Less: Di,,idend paid	(237.96)	(236.09)
Less: Tax on dividend paid	(48A4)	(4806)
Less: Debenture redemption reserve	{1,321.25)	
Closing balance	97,551.58	89,903.50
E Share application money pending allotment		
Opening balance	160.93	
Add: Recei,•cd during the year		160.93
Le:;s: Share allotment	{lJ.93)	
Closing ha lance		160.93
F Other comprehensive income		
Opening balance	224.99	387 11
'fmnsfcrred/adjustment	(22.76)	(1.57)
Add: Foreign exchange tram;]ation	33.93	(16055)
Closing balance	236.16	224.99
G Debenture redemption reserve		
Opening balance		
Ad<l: Amount transferred from retained earning	1,323.25	
Closing balance	1,323.25	
	123245.89	109,356.61

GURUGRAM
KWALITY LIMITED NEW DELHI

(i) Nature and purpose of other reserves

Securities premium reserve

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

Shure applicution moneypending allotment

Share application money pending allotment represents amount received from employees for issue of shares undct' employee stock option plan.

Othercomprehensive income

Remeasurements gains/losses on post employment benefits ace recorded in the other comprehcnsi,,c 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 reguirement under Companies Act' 2013.

	As at 31 March 2018	As at 31 March 2017
Note - 20		
A Borrowings non-current		
Secured loans:		
Debentures		
Non-com•ertib}c debenntces•	9,768.38	9,674.97
Less: Current tm.tur1ties of long-term bonowlngs	(2,687.14)	(461.59)
Vehicle Joans		
From banks	333.88	333.35
Less: current maturities of long term borrowlngs	(125.96)	(116 68)
From others	1242	26 37
Less: current maturities of long term borrowings	(12 42)	(13.95)
External commercial borrowings		
External commercial borrowings	8,622.45	9,043.07
Less: current maturities of long term borrowings	(1,353 94)	(899.02)
Term Loan		
From others	19,530.72	19,341.49
Less: current maturities of long term borrowin.gs	(5,372.01)	(920.77)
Unsecured loans:		
Term loans		
Frnm banks	4,150 02	3,009 03
1.ess: current maturities of long term borrowings	(2,116 36)	(748 04)
From othecs	22,873.86	14,841.16
Less: current maturities of long tetm borrowings	(6,812.61)	(4,045.60)
Dcbeurures		
Compulsorilr convertible debentures**		1,248.14
	46,811.29	50,311.93

*As per Companies (Share Capital and Debentures) Rules, 2014, every company required to create Debenture Redemption Reserve shall on or before the 30th clay of April in each year, im□est or deposit, as the case may be, a sum which shall not be less than fifteen percent. of the amount of its debentures maturing during the)'ea" ending on the 31st da)' of March of the next year. Accordingly, the Company was reguired to invest INR 416.25 lakhs as at 30 April 2018 out of which INR 83.25 lakhs already invested b)' company before 30 Ap1112017. The Company plans to place a fixed deposit for balance amount in near short term.

**The Company had allotted 1 (one) compulsory com•ertiblc debenture of INR 1,400 lakhs to HT Media Limited during the F.Y. 2016□17 which has been convected into 1,215,066 no. of equity shares at INR 115.22 per share as on 19 February 2018.. The equitr shares allotted and pre shareholding are under lock 1n for one year and six months respectively from the date of receipt of trading approval from the stock exchanges.

	As at 31 March 2018	As at 31 March 2017
B Borrowings - current		
Secured loans		
Working Capital Facilities (Cash credit)	112,086.69	106,225.16
Letter of credit due to bank:-	992 76	734.3)
Bu)'er'scred1t	1,360.39	1,692 64
Unsecured Joans		
Tenn Loan from Others	2,500.00	
	116,939.84	108,652.15

MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

Anncxure to Note 20

Particulars	Amount Outstanding 31 March 2018	31March 2017	Terms ofrepayment	Security
Non Current Borro\Yio				
Seenred I o:;a._ns				
Non Convenible Debentures- KKR India Financial Services Privm:c Limited	9,768.38	9,674.97	Repayable in 18 equal quarterly installments starring from 31 March 2018	The loan is secured by way of First pari - passu charge on new project assets of the Company. Further secured by way of equitable mortgage on the immovable property in rhc name of JTPL Private Limited, enterprise on which key managerial person have significant influence and pledge of shares of Kwality Limited owned by Mr.Sanjay Dhingra, l\Iamiging Director of the Company and cxclusi,-e charge by way of hyporhccation of th.: specified accounts. These debentures arc also secured br personal guarantee of Mr. Saajay Dhingra, Managing Director of the Company. Present coupon rate of debentures varies from 12.50°0 p.a. to 19.20°0 p.a. Currently, IL&FS is the security tlustee of Debentures
Vehicle Loans				
From Banks			tvlonthly equated installments	Vehicle loans from bank & others arc secured by hypothecation of Vehicles. Rate of [m:cr<..:st varies bctwen 7.8o/o p a to 11.51 o p.a.• Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging bctv.rccn 36 to 60 months.
-HDFC B:ink	243.85	212 78		
-ICICI Bank	16.67	12.45		
-Bank of India	L69	3.68		
From Others - Volkswagen Finance P-inte Limited	12.42	26.37		
From Banks				
-Bank of Baroda, Dubai	27.73	48.23	Monthly equa<ed installments	\'chicle loans from bank & others arc secured by hvpothecation of Vehicles. Rate of [nrcrest varies benveen 3.18°/o p.a. to 3.11°10 p.a. Period of maturity for loans varies between 3 year m 5 year nd number of repayment installments is ranging betv.'een 20 to 60 months.
-Emitarcs National Back of Dubai	43.93	56.21		
E'irst Gulf Bank, Dub:U	242.34	257.66	lvlonthly equated installments	Rate of interest is 4.97°10 p.a. period of 1naturiry for loans \rarics between 10 year to 15 ye:ir md number ol repayment installn1cnts is ranging between 100 to 180 months.
External commercial borrowings- Union Bank of India (UK) Ltd.	8,622.45	9,043.07	Repayable in 12 half yearly installments which has already star<ed from 30 September 2017	External Commercial Borrowings (ECB) taken from Union Bank of India (U.K) Limited amounting to USD 14 million (31 March 2018 JNR 8,622.45 lakhs). The loan is secured by way of entire p«>jcct assets including project land of the Company and personal guarantee of Mr Sa'1jay Dhingra, Managing Director of <he Company Till the creation of the charge, the Company has prm-ided additional security in form of pledge of 'hares of Kwality Limited in the name of Mr. Sanjay Dhingra. Present rate of Interest on loan is 3 months LIBOR plus 425bps.

Kwality Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2018
(All amounts in INR lakhs, unless otherwise sta[cd)

:nnexurc to Note 20

Particulars	Amount Outstanding		Terms of repayment	Security
	31 March 2018	31 March 2017		
Term Loan from others				
- KKR India Financial Senccs Private Limited	19,530.72	19,341.49	Repayable in 18 equal quartedy installmcn ts starting from 31 March 2018	The loan is secured by way of first paci - pa..ssu charge on new project asset of the Company. It is further secured by equitable mortgage on the immovable property in the pame ofJTPL Private Limited, n terprisc on which key managerial person have significant influence and pledge of shares of Kwality Limited owned by Mr. Sanjay Dhingra, Managing Director of the Company and exclusi,-e charge by way of hypothecation of [he specified accounts. This loan is also secured by pe:rsonal guaran tee of Mr.Sanjay Dhingra, Managing Director of the Company. Present nte ofloan varies from 12.50%p.a. to 19.20% p.a.
Unsecured Loans				
Term Loan from bank				
• Karur Vysya Bank	2,014.47	2,751.38	Repayable in 16 equal quartedy installments which has already started from 16 January 2017	The loan is secured by way of equitable mortgage of land and building situated at Sector 115, Mohah, Punjab owned by JTPL Private Limited, enterprise on which kev managerial person have significant influence. The lom is further secured by personal guarantee of Mr.Sanjay Dhingra, Managing Dirccmr of Company and corporate guarantee ofJTPL Pri,Tatc Limited. Present rate of Interest on loan is 12°/o.
Woori Bank	1,893.21	-	Repayable in 18 equal monthly installments srarting from 31 March 2018	The loan is secured by pledge of 3,653,850 shares of Kwality Linuted held by Mr. Sanjay Dhingra and furthe1 secured by personal guarantee of Mr Sanjay Dhingra, Managing Director of Company. Present rate of Interest on loan is 10.80'o p.a.
Term Loan from other				
- STCI Finance Limited	4,986.94	-	Repayable in 10 equ:ll quarterly installmentsstJ.rtingfrom30tl.1 April, 2018 i.e. From the end of nine months from the date of first disbursement.	Loan is secured by pledge of equity shares of Kwality Limited held in the name of Mr. Sanjay Dhingra Further secured by personal guarantee of I\lr. Sanjay Dhingra, Managing Director "'the Company and corporate guarmtce of Pashupati Daines Pri,catcLimitedent'=rpriseonwhichkeymanagerialpersonhavesignificantinfluence. Rate of interest on loan is 12°0p.a.
- Mahindra & Mahindra Financial Services Limited (A)	1,192.99	1,644.35	Repayable in 48 equated monthly installments commencing at the end of first month from the first date of disbursement stai:ting from 15June 2016	Loan from Mahind, a & Mahindra Financial Sen-ices Limited is secured by way of mortgage ofland and building situated at Sector 115, Mohali, Punjab owned by JTPL Pri,ratc Limited, enterprise on 'vhich key managerial person have significant influence and pledge of equity shares of Kwality Limiced held in the name of I\!r. Sanjay Dhingra. Further, it is secured by personal guarantee of lvlr.Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Pri,ate Limited. Rate of interest on loan is 11.85'o p.a.
- Maliindra & Mahindra Financi-U Scn,iccs Limited (B)	2,142.22	-	Repayable in 48 equated monthly instalhnents co1n1ncncing at the end of first month fratn (he fi.rst date of disburse1ncnt starting from 15July 2017	During the year, Company has taken one more lo:in of INR 2,500 lakhs from Mahindra & I\tlahindra Financial Sc!\'ices Limited which is secured by way of mortgage of land and building situated at Sector 115, Mohah, Punjab owned by JTPL PriYatc Limited, enterprise on which key managerial person l1aYC significant influence and pledge of equity shares of Kwality Limited held in the name of !vlr. Sanjay Dhingra. Iviorcover it is further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Pri,-atc Limited. Rate of interest on loan is 12.15', p .a.

Kwality Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts in INR lakhs, unless otherwise stared)

Anncxure to Note 20

Particulars	Amount Outstanding		Terms of repayment	Security
	31 March 2018	31 March 2017		
- IFCI Limited (A)	4,994.02	7,486.55	Repayable in 16 equal quarter! installments st:irting after a moratorium of one year i.e. commencing from 15th month from the fir<t date of disbursement.	Secured by way of ec1uitable mortgage ofland and building at Sector 115, Mohali, Punjab owned by JTPL P1L-ate Limited, enterprise on which key managerial person have significant influence and pledge of shares of Kwality Limited in the name of Mc. Sanjay Dhingrn and further secured by person:tl guarantee of Mr.Sanjay Dhingra, Managing Director of Company and Corporotc Guarantee of JTPL Private Limited. The present rate of interest on loan is 11.75% p.a.
- IFCI Limited (B)	4,951.04	-	Repapble in 24 equal quarterly installments st:irting after a moratorium of one year i.e. commencing from 15th month from the first date of disbursement.	During the current rear, Company has taken a fresh loan of INR 5,000 lakhs (Sanction amount: 10,000 lakhs) from IFCI Limited. This loan *is* secured by way of equitable mortgage ofland and building situated at Sector 115, Mohali, Punjab owned by JTPL Pri,ate Limited, enterprise on v.rhich key managcri:tl person have significant influence and pledge of share:: of Kwality Limited in the name of Mr. Sanjay Dhingra and further secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL Pri1ate Limited. The present rate of interest on loan is 11.50°0 p.a.
- Hero Fincorp Limited (A)	1,704.26	2,205.18	Month!)' EM!	Loan from Hero Fincorp Limited i' secured by way of equitable mortgage of land and building situated at Sector 115, Mohali, Punjab owned by JTPL Private Limited, enterprise on which key managerial person hm c significant influence and personal guarantee of Mr. Sa11jav Dhingra, Managing Director of the Company and corporate guarantee of JTPL Prirnte Limited. Rate of interest on loan *is* 12.75% p.a.
- Hero Fincorp Limited (B)	426.28	551.69		
- Aditya Birla Finance Limited (A)	1,342.56	1,490.15	Within 103 months which had already started from 9 March 2016	Loan from Aditya I\irla Finance Limited is 'ecured by way of equitable mortgage of land and building situated at Sector 115, Mohali, Punjab O\med by JTPL Private Limited, enterprise on which key managerial person have 'ignificant influenceand further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of company and corporate guarantee of JTPL Printe Limited. The rate of Interest on loan is ranging from 12.50% to 12.75% p.a.
- Aditya Birla Finance Limited (B)	1,133.54	1,463.25	Repayable in 72 equal monthly installments which has already <tarted from I September 2015	
Debentures				
- Compulsory Convertible Debentures	-	1,248.14	Within 18 months from the allotment date	

Kwality Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(lJl amounts in INR lakhs, unkss otherwise seated)

Anm.:xurc to Note 20

Particulars	Amount Outstanding 31 March 2018	31 March 2017	Tenns of repayment	Security
Current Borrowings				
Sc£luss!. loan!;.				
Cash credit facilities- From multiple banks	112,086 69	106,225.16	Payable on demand	**Loans from banks towards cash credit limits arc secured by war of :-** **a) First pari l?assu charge on the entire current assets of the company.** b) First pari passu charge on entire monblc and immo.-ablc fo:ed assets including equitable mortgage of factory land and building of the company situated at dlage Softa ,Palwal (Haqana) and at Village Mumrcjpur, Tchsil Dibai, District- Bulandsahar (U.P). c) First pari passu charge on entire fixed assets of Pashupati Dairies Private Limited including Equitable mortgage of Land and Building situated at ,-illage Kumarhera, Saharanpur (UP). d) First pari pasu charge by way of equitable mortgage on immonble property in the name ofJTPL Pri,•ate Limited situated atJTPL City, Sector-115 Mohali (Punjab). e) Corporate guaran tee of Pashupati Dairies Primre Limited. Personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of JTPL Pri,.ate Limited. 0ther Terms and Conditions a) Ncgati,c lien for non disposal/ non transfer of 51 % of equity share held by Mr. Sanjai• Dhingra.
Letter of credit due to banks	992.76	734.35	As per LC terms & conditions	10% Cash margin for LC in the form of Fixed Deposits.
Buyer's credit	1,360.39	1,692.64	As per LC terms & conditions	MarWti in the form of Fixed Deposits.
Un cyr!:d LQn				
Term Loan from others				
.Sicom Limited	2,500.00	-	Repayable on single installment on 364th day from the first date of **disbursement i.e. 22 December** 2017	Tlle loan is secured by pledge of shares of Kwality Limited held by Mr. Sanjay Dhingra This loan is also secured by unconditional, irrevocable personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company Present rate of loan is 12.75°0 p.a.

Breakup of total borrowing:		
Long term borrowing (Note 20A)	46,811.29	50,311.93
Current maturity of long term borrov.ng (Note 23B)	18,480.44	7,205.65
Short term borrowing (Note ZOB)	116,939.84	108,652.15
Total borrowings	l82,231.57	l66,169.73

(All ammints in INR lakh s, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
Note - 21		
A Provisions - Non current		
Prov1sion for employee benefits:		
Compensated absences	165 38	100.16
Gratuity	248.53	170.08
	413.91	270.24
B Provisions - current		
Prm□1sion for cmplO)'CC		
benefits: Compensated	46.32	19.86
absences Gratuity	52 67	15.56
	98.99	35.42

	As at 31 March 2018	As at 31 March 2017
Note - 22		
Trade payables - current		
Due to micro and small enterprises*	65.99	70.35
Due to others	15.243.77	10,057.61
	15,309.76	10,127.96

'D'1!\closure under tle Mi.ctu, Sma ll and Medium I!UI'Clltl.\CS c"e opmcm / ct,006 ("MSMI'D)\(J06"

Particulars	31 March 2018	31 March 2017
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting •ear;	65.99	70.35
ii) the amount of interest paid by the buyer in terms of section 16, along with the of the payment made to the supplier bc,□ond 1hc Arri')(;inu:d ditV dutiun ch accountin vear;	Nil	Nil
ni) the amount of interest due and payable for the period of delay in maklng payment (which have been paid but be)•ond the tt1 1tv1 in1c<I d:w tlut1 1'1!the \•ear) but wfrhout addin2 the interest specified under this Act;	Nil	Nit
i.\•) 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 disaUowance as a deductible C-\TIL'1'dit1.1rt.: ul\c.lcr }C(ltlH1 2':\.	Nil	Nil

fheabewe 1ofomuhon regarding Miero, Small and f\kd11.1m Emerpnseshn.s been deu:nmne<1 to iht:: extent such partles have been 1c.fenttfied on the00.SIS of infonnation available with the Company.

	As at 31 March 2018	As at 31 March 2017
Note - 23		
A Other financial liabilities - Non current		
Derivative liabilit)'	350.72	1,027.56
	350.72	1,027.56
B Other financial liabilities - current		
Current marurities of long teem borrowings	18,480.44	7,205.65
Interest accrued on borrowings	3,114 03	1,00274
Payable to employees	744.98	553 51
Unpaid dividend on equity shares	37.51	46.81
Paioablc for capital goo<ls	234.43	152.73
Security deposits	545.93	608 74
Expenses pa)•ablc		72.26
	23,157.32	9,642.44

	As at 31 March 2018	As at 31 March 2017
Note - 24		
Other Non current liabilities		
A Deferred revenue*	482.02	
	482.02	
B Other current liabilities		
Payable to starutory authorities	169.17	33143
Ad\•ance from customers	449.08	766.51
Deferred income on compulsorily convertible debentures		146 58
Deferred revenue*	256.82	
	875.07	1,244.52

*Deferred revenue as ar 31 March 2018 represent INR 738.84 fa.kh being 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 pl'escribed times of the duty saved on import of capital goods over a specified period of time. Jn case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities

MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

(All amounts in INR lakhs, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
Note - 25		
Current tax liabilities (net)		
Opening balance*	9,782.19	8,589 18
Add: Current tax payable for the year	6,359.24	6,631.98
Less: MAT adjustment		(1,532.38)
Add: Interest/ earlier }'ear effect on income ta.'X	2,883.71	1,23007
Less: Ta...xes paid during the year	- (1,096.05)	(5,136.66)
	17,929.09	9,782.19

***Provision for income ta.'C in pre,•ious year amounting to INR 4 687.74 la.khs has been reclassed from payable to statutory authorities, refer Note 24 B.**

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MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

Note - 26

Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
Saleofproduets	731,027.28	687,122.59
Sale of services	828.84	2.27
Other operating income	80.36	58.13
	731,936.48	687,182.99

Note - 27

Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income	86.84	227.15
Release of derivative liability	676.84	
Profit on sale/ discard of fixed assets (net)	9.85	16.95
Foreign exchange fluctuation (net)	254.03	994.99
Excess provisions/ Liabilities written back	60.49	40.56
Debit balance written back	(0.59)	38.26
Claims recoYered	42.27	15.77
Rental Income	17.69	17.74
Miscellaneous income	30.68	18.76
Pinnncc income on compulsorily convertible debentures	146.79	
	1,324.89	1,370.18

Note - 28

Cost of materials consumed

	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening stock	431.03	133.08
Add: Purchases	518,896.36	490,385.68
Less: Closing stock	(261.35)	(431.03)
Cost of materials consumed	519,066,04	490,087.73

Note - 29

Purchase of stock in trade

	For the year ended 31 March 2018	For the year ended 31 March 2017
Purchase of trnded goods	120,621.14	148,340.11
	120,621.14	148,340.11

Note - 30

Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the end of the year:		
Pinished goods	12,738.55	15,017.10
Stock-in-trade	2,619.88	4,067.11
Work-in-progress	5,261.08	14,844.63
	20,619.51	33,928.84
Inventories at the beginning of the year:		
Finished goods	15,017.10	10,348.67
Stock-in-trade	4,067.11	2,800.52
Work-in-progress	14,844.63	2,809.32
	33,928.84	15,958.51
(Increflse)/ Decrease in inventories	13,309.33	(17,970.33)

Note - 31

Employee benefits expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	4,074.96	3,406.29
Contribution to provident fund and other funds	131.02	95.92
Staff welfare expenses	81.04	121.19
Sharebased payment expense	1,622.52	384.58
	5,909.54	**4,007.98**

MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

	For the year ended 31March 2018	For the year ended 31 March 2017
Note - 32		
Finance costs		
Interest expenses	20,961.50	17,926.24
Exchange difference on borrowing cost	30.73	
Other borrowings cost	3,499.07	215.19
	24,491.30	18,141.43

	For the year ended 31March 2018	For the year ended 31March 2017
Note - 33		
A. Excise duty Paid		
Excise duty	2.31	4.00
	2.31	4.00
B. Other expenses		
Consumption of packing materials	7,007.68	6,285.88
Consumption of stores and spare parts	374.48	308.55
Power and fuel	2,205.47	1,496.81
Processing charges of milk	1,246.95	830.15
Advertisement & sales promotion	1,679.66	2,051.19
Bank charges	163.31	164.64
Provision for doubtful debts	400.00	
Commission & brokerage	62.22	104.31
Communication expenses	80.79	86.10
Donations and contributions	66.13	4.22
Net Loss on foreign currency transactions and translation	5.81	
Export and import expenses	19.91	89.60
Insurance	82.73	63.10
Legal and professional expenses	553.50	482.40
Loss on sale/discard of fixed assets	100.21	1.10
l\Liscellaneous expenses	589.39	375.89
Payments to auditors (refer note (i) below)	39.70	11.50
Printing and stationery	35.21	30.64
Rates and taxes	260.31	52.13
Rent	544.97	384.25
Repairs and maintenance - Building	101.97	53.60
Repairs and maintenance - Plant and machinery	366-31	326.31
Transportation charges	3,777.87	2,683.90
Venicle running expenses	38.86	65.02
Travelling and conveyance	478.13	341.79
Derivative liability expense		700.63
Corporate social responsibilities expenditure (refer note (ii) below)	412.90	359.81
	20,694.47	17,353.52

	For the year ended 31March 2018	For the year ended 31 March 2017
(i) Details of payment to auditors		
Payment to auditor (Excluding applicable taxes to the extent credit not availed)		
In capacity as auditor		
Audit fee	16.00	8.63
Limited review	7.50	
Tax audit fee	2.50	2.87
Corporate governance certification	1.00	
In other capacity		
Other services (certification fees)	12.70	
	39.70	11.50

* Previous year amount represent payment made to erstwhile auditor

(ii) Corporate social responsibility expenses

Gross amount required to be spent by the comp[illegible] durin 'the [illegible] is INR 406.14 lakhs [illegible] INR 352.88 lokhs.

Particulars		In cash	Total
Construction/acquisition of any asset	31March 2018		
	31March 2017		
On purposes other than above	31March 2018	412.90	412.90
	31March 2017	359.81	359.81

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Note - 34		
Income tax		
Tax expense comprises of:		
Current t<1x	6,372.61	6,602.35
Deferred tax charge	927.71	338.15
Income tax expense reported in the Statement of Profit or Loss	7,300.32	6,940.51

*Current tax also include tax for earlier years 13.38 (previous year- (29.62))

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 34.608% and the reported tax expense in profit or loss are as follows:

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Accounting profit before tax from continuing operations	16,534.92	26,355.41
Accounting profit before income tax		
At India's statutory income tax rate of 34.608% (31 March 2017: 34.608%)	16,534.92	26,355.41
		9,121.08
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	5,722.40	
Impact of depreciation		
Impact of earlier year tax	1,397.10	(1,530.79)
Impact of allowed/ disallowed expenses	13.38	122.18
Other items	1,158.04	160.36
Effect of tax rates in foreign jurisdictions	(255.70)	100.67
Income tax expense	(734.90)	(1,032.99)
	7,300.32	6,940.51

	For the year ended 31 March 2018	For the year ended 31 March 2017
Note - 35		
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Re-measurement gains/Oosses) on defined benefit plans	(34.81)	(2.40)
Income tax effect	12.05	0.83
Items that will be reclassified to profit or loss	33.93	(160.55)
	11.17	(162.12)

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 2018	For the year ended 31March 2017
Profit attributable to equity holders (Basic/Dilutive)	9,234.59	19,414.91
Weighted average number of equity shares for basic EPS	239,375,578	235,738,711
Effect of dilution:		
Share options	468,057	978,296
Weighted average number of equity shares adjusted for the effect of dilution	239,843,635	236,717,007

For the purpose of calculating the weighted average number of shares, the weigh ted 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 authorjsation of these financial statements.**

Earnings per equity share (INR)		
(1) Basic	3.86	8.24
(2) Diluted	3.85	8.20

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KWALITY LIMITED NEW DELHI

(All amounts in INR lakhs, unless otherwise stated)

Note - 37

Capital management

(a) Risk management

The Group'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
- f'vlaintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio.

Particulars	31March 2018	31 March 2017
Long term debt (excluding current maturities) (A)	46,811.29	50,311.93
Total equity (B)	125,659.43	111,730.17
Long term debt to equity ratio (A/B)	37.25%	45.03%

(i) Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with following financial covenants:

- the gearing ratio must not be more than 50%, and
- the ratio of net finance cost to EBITDA coverage must not be less than 2 times considering Company capitalisation phase.

The group has complied with these covenants throughout the reporting period. J\s at 31 l\farch 2018, the ratio of net finance cost to EBITDA was 2.19 times (31 March 17- 2.58 times)

(b)

Panicnlars	31March 2018	31March 2017
(i) Equity shares		
Finni dividend for the year ended of NR 0.10 (31 March 2017 - INR 0.10) per folly paid share	237.96	236.09
Divillcml distribution tax on above	48.44	48.06
(ii) Dividends not recognised at the end of the reporting period		
'flu: directors have recommended the payment of a final dividend of INR 0.10 (31 March 2017 INR 0.10) per folly paid equity share. This proposed dividend is subject to the approval of shareholders in chc ensuing annual general meeting.	241.35	237.96
Dividend distribution tax on proposed dividend	49.13	48.44

Note - 38

Related party transactions

Relationships	Name of the party
Key managerial personnel (KMP)	Rattan Sagar Khanna - Chairman Sanjay Dhingra - Managing Director Manjit Dahiya - Whole Time Director Sidhant Gupta - Non Executive Director Kuldeep Sharma - Whole Time Director (w.e.f. 25 October 2017) S.K. Bhalla - Whole Time Director (resigned w.e.f. 25 October 2017) J\nkita Mehrotra -Independent Women Director Satish Kumar Gupta - Chief Financial Officer Pradeep Kumar Srivastava - Companv Secretary
Enterprises on which key managerial person have significant influence	JTPL Printe Limited Pashupati Dairies Private Limited Kwality Dairy Investments Private Limited Sahayogi Sanchaalan Private Limited Sahyogi Foundation
Relati,e of Key Managerial Person	Ved Parkash Gupta (Father of Sidhant Gupta) Sonika Gupta (Wife of Sidhant Gupta) Sidhant & Sons (I-IUF)

MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

(All amounts in INR lakhs, unless othetwise stated)

II D1sclosures m respect of matena transact10ns wi th re ated parucs <lu n n the yc u

Related Party	Nature of Transactions	31March 2018	31March 2017
Pashupati Dairies Private Limited	-Rent paid	60.00	60.00
	-Royalty paid	10.55	10.35
	-Reimbursement of expenses	98.58	-
	-Dividend paid	11.03	15.54
	-Collateral security/guarantee taken	1,000.00	-
JTPLPrivate Limited	-Collateral Security/guarantee taken	13,500.00	142,643.00
Sanjay Dhingra	-Guarantee for long term loans	22,280.38	33,725.79
	-Managerial remuneration (Short term)	130.20	130.20
	-Dividendpaid	152.15	152.15
	-Shares pledge for loan	51,945.44	66,409.94
	-Post employee benefits	38.98	-
Sidhant Gupta	-Dividend paid	2.77	5.18
	-Remuneration from subsidiary (Short term)	53.08	-
	-Allotment of equity shares	-	2,500.00
	-Meetingfee	0.60	0.80
Sidhant and sons HUF	-Allotment of equity shares	-	2,500.00
	-Dividendpaid	0.78	5.18
Sonika Gupta	-Dividendpaid	0.47	5.18
Rattan Sagar Khanna	-Meeting fee	0.50	0.80
Arnn Srivastava	-Meeting fee	-	0.20
t\nkıta Mehrotra	-Meeting fee	0.60	0.70
i\shok Kumar Gupta	-Meeting fee	-	0.30
S.K. Bhalla	-Managerial remuneration (Short term)	13.81	40.00
	-ESOP (Net of difference of FMV)	34.50	-
Manjit Dahiya	-Managerial remuneration (Short term)	44.00	21.17
	-Post employee benefits	26.13	-
	-ESOP(Net of difference of FtvfV)	-	32.84
Sunit Shangle	-Remuneration	-	8.32
Satish Kumar Gupta	-Remuneration (Short term)	24.53	17.36
	-Post employee benefits	0.57	0.84
	-ESOP (Net of difference of Fl'vfV)	7.20	-
Pradeep Kumar Srivastava	-Remuneration (Short term)	12.31	12.32
	-Post employee benefits	0.84	0.96
	-ESOP (*N et* of difference of FMV)	-	12.19
\Ted Prakash Gupta	-Dividend paid	-	5.83
Kuldeep Sharma	-Remuneration (Short term)	6.27	-
	-Post employee benefits	0.31	-

III Balances with related parties

Related Party	Nature of Transactions	31March 2018	31March 2017
Pashupati Dairies Private Limited	Amount payable in respect of Services/ Rent	13.73	25.00
	Amount payable in Respect of royalty	2.43	8.61
	Amount payable in Respect of expenses	8.10	-
	Guarantee taken for financial limits	113 643.00	112,643.00
ITPJ, Private Limited	Collateral Security/guarantee taken	179,143.00	165,643.00
Sanjay Dhingra	Guarantee taken for long term loans	74,900.00	53,000.00
	Guarantee taken for financial limits	113,643.00	112,643.00
	Guarantee taken for ECB	9,106.17	9,725.79
	Shares pledge for loan	73,463.43	104,773.44
	Payable to employee	19.79	6.52
	Employee benefit provision	38.98	-
Satycnder Kumar Bhalla	Payable to employee	-	2.49
Kuldeep Sharma	Payable to employee	1.08	-
	Employee benefit provision	0.31	-
Satish Kumar Gupta	Payable *to* employee	1.85	0.03
	Employee benefit provision	1.41	0.84
Manjit Dhaiya	Payable to employee	2.75	1.50
	Employee benefit provision	26.13	-

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KWALITY LIMITED NEW DELHI

Re.lated Party	Nature of Transactions	31March 2018	31March 2017
Pi;ndccp Kumar Srivastava	Payable to employee	1.35	1.69
	Imployccbenefit provision	1.79	0.96
,\nkita Mehrotra	Jl:1yabk to cmpl()ycc	0.38	-
Sidhant Cuptn	Payable to employee	20.30	1.65
Rattan Sagnr Khanna	Payable to employee	0.46	0.27
;\run Srivastava	Payable to cmployet:	0.09	0.09

Terms and conditions

Transactions relating to dividt:nds, subscriptions for new eguity shares were on the same terms and conditions that apply to other shareholders.

Note - 39

Summary of conlill!!'cnt liabilities and commitments *(lo the extent 1101 pro11ir/ed for)*

Particulars	31March 2018	31March 2017
ContiflJ!CUI liabilities		
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 ,\nimal Husbandry & Dairy Development Sector) Act, against which the company has prderred an SLP against the order of Punjnb & f laryana High Court before Hon'ble Supremt: Court of India. t\ liability of Cess principal amounting INR 421.84 lakhs from which a sum of INR 212.96 lakhs (previous year INR 187.65 lakhs) deposited under protest and a sum of INR 3,293.15 lakhs on account of interest liability raised by Semen Bank officer, of Haryana l.ivestock Development Board for which the matter is already be fore Hon'blc Supreme Court.	3,714.99	2,761.82
2. t\ civil recovery suit has been filed by S.M. l'vfilkose Limited regarding dispute in supply of material which is disputed by the Co. & is nendinu before The Hon'ble I figh Court of Delhi.	156.97	156.97
3. Appeal under Food Safety Act, 2006 , Kwality J,imited and others versus Food Safety officer, Sh. Chander Veer S'inh Jadon, Kota, R:tjasthan	0.50	0.50
4. ADM Bulandshahr had decided a matter under Food Safety Act, 2006 read with Regulations 2011 am.I imposed a penalty of INR 4. lakhs on the Company. The Company had preferred and :ippcal against the order before 1ISSAI Appellate Authority Meerut and the Appellate Court had stayed rhc impug,ncd order subiccr to deposit of 50% of the nenalt:v amount.	4.00	-
5. The said case pertains to FSSAI case for penalty levied by ADM Surajpur Court, before, ASDM, Surajpur, Gautam Budh Nagar (U.P)	2.00	-
6. DEPB Credit matter in CESTi\T, Mumbai Nava Shavah	69.44	69.44
7. Contingent liabilities on account of sales tax matters	488.67	72.74
8.Continacm lin.uiliry for bank guammee	441.37	587.44
9. Contingent liability under EPC:G license (Refer 24)	-	647.24
10. Other Income tax matters refer note no.49	-	-
Commitments		
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	5.02	2,538.28

Note - 40

A Operating leases -lessee

The Company has taken various premises on operating leases and lease rent of INR 544.97 lakhs (31 March 2017- INR 384.25 lakhs) in respt:ct of the same has been charged to Statement of Profit and Loss for the year ended 31 March 2018. The underlying agreements arc t:xecutt:d for a period generally ranging from three to five years, renewable on mutual consent and arc cancellable in some cases, by either party giving notice gt:ncrally of 30 to 90 days. There arc no restrictions imposed by such leases and there are no subleases. The future minimum lease rentals payable in respect of such operating leases arc as under:

Particu lars	31March 2018	31March 2017
Within one year	273.87	188.29
I.ater than one year but not later than five years	410.13	529.56
I,ater than five years	179.21	786.86

(All amounts in INR lakhs, unless otherwise stated)

B Operating leases-Group as a lessor

Particulars	31March 2018	31March 2017
Within one year	14.74	7.94
Later than one year but not later than five years	9.75	4.96
Later than five years	-	-

The Group has leased out properties owned by the 'subsidiary' situated at Dubai for a period of 3 years with annual rental of Citadel Tower AED 45,000 and Executive Tower AED 55000 (Refer note 7).

Note-41

Gratuity and compensated absences

Compensated absences

Amount recognised in the Statement of profit and Loss is as under:

Particulars	31March 2018	31March 2017
Current service cost	59.50	41.09
Interest cost	9.00	6.15
Actuarial (gain)/loss, net on account of:		
-Changes in financial assumptions	20.56	4.23
-Changes in experience adjustment	6.28	(11.28)
Cost recognized during the year	95.33	40.18

Movement in the liability recognized in the Balance Sheet is as under:

Particulars	31March 2018	31March 2017
Present value of defined benefit obligation at the beginning of the year	120.02	81.97
Current service cost	59.50	41.09
Interest cost	9.00	6.15
Actuarial (gain)/loss, net	26.83	(7.05)
Benefits paid	(3.65)	(2.13)
Present value of defined benefit obligation at the end of the year	211.70	120.02
-Current	46.32	19.86
-Non-current	165.38	100.16

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

Particulars	31March 2018	31March 2017
Discount rate	7.50%	7.50%
Salary escalation rate	7.00%	5.00%
Withdrawal rate 18 to 58 years	16.00%	2.00%
Mortality table	Indian Assured Lives Mortality (2006 -08)	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.

(All amounts in INR lakhs, unless otherwise stated)

Scns1nv1ry arnllys ɾs J or compensated absences Li(bⅢy

Particulars	31March 2018	31March 2017
Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 %	202.37	108.10
Impact due to decrease of 1%	221.94	134.48
Impact of the change in withdrawal rate		
Present value of obligation at the end of the year		
Impact due to increase of 1%	211.93	123.60
lmpact due to decrease of 1 %	211.46	115.90
Impact of the change in salary increase		
Present Yalue of obligation at the end of the year		
Impact due to increase of 1 %	221.89	134.71
[mpact due to decrease of 1%	202.24	107.74

Gr?tuity

The Group 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 sen,ice. Gratuity plan is a non-funded plan.

Amount rcconmsc d m the Statement of Profit and Loss ts as under:

Particulars	31March 2018	31March 2017
Current sen•ice cost	66.96	54.81
Interest cost	13.92	9.02
Actuarial (ga.in)/loss, net on account of:		
-Changes in financial assumptions	37.95	7.13
-Changes in experience adjustment	(3.15)	(4.73)
Cost recognized during the year	115.69	66.23

Movement in the liability rcconizcd in the Balance Sheet is as under:

Particulars	31March 2018	31 March 2017
Present value of defined benefit obligation at the beginning of the year	185.62	120.24
Current service cost	66.96	54.81
Past sen-ice cost	9.85	-
lnterest cost	13.92	9.02
Actuarial (gain)/loss, net	34.81	2.40
Benefits paid	(9.96)	(0.85)
Present value of defined benefit obligation at the end of the year	301.20	185.62
-Current	52.67	15.56
-Non-current	248.53	170.08

For determmat10n of the h:tlnhty of the Como:my, the fio1 1owmg actuana l assumptions were used:

Particulars	31March 2018	31March 2017
Discount rate	7.50%	7.50%
Sala1}' escalation rate	7.00%	5.00%
l\lortality table	Indian Assured Lives Mortality (2006 -08)	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 expertencc,

MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

(All amounts in INR lakhs, unless otherwise stated)

Sensitivity analysis for compensated absences liability

Particulars	31March2018	31March 2017
Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1%	288.26	166.89
Impact due to decrease of 1%	315.18	208.34
Impact of the change in withdrawal rate		
Present value of obligation at the end of the year		
Impact due to increase of 1%	299.27	189.22
Impact due to decrease of 1%	303.14	181.06
Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1%	314.20	208.69
Impact due to decrease of 1%	289.03	166.32

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.

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ASKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

Kwality Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2018

(All amounts in INR lakhs, unless otherwise stoted)

Note -42

Share based payments

The Group has rescrYcd issuance of 10,000,000 (Previous Year: 10,000,000) Equity Shares of INR 1 each for offering to the eligible employees of the Group under Employees Stock Option Plan 2014 (ESOP 2014). During the year the Company has granted 2,736,000 Options at a price of INR 50 and 500,000 Options at a price of INR 10 per option (Previous Year 43,000 option at a price of INR 38) plus all applicable taxes The options would vest over a period of 1 years. 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	10January 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 2018	13,500	-		2,736,000	500,000
Weighted average remaining contractual life of options outstanding as at 31 March	5.46			5.46	5.46
Option outstanding as at 31 March 2017	568,900	50,000	43,000	-	
Weighted average remaining contractual life of options outstandi.ng as at 31 March	4.40	4.40	4.40	-	

*The fair ,□alue 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 mm•ements in, share options during the year:

	31 March 2018		31 March 2017	
Particulars	No of options	WAEP	No of options	WAEP
Openingbalance	661,900	38.00	1,987,000	38.00
Granted during the year	3,236,000	43.82	43,000	38.00
Exercised during the year	(614,000)	38.00	(1,270,100)	38.00
Expired during the year		-	-	-
rorfcitcJ during the year	(34,400)	38.00	(98,000)	38.00
Closing balance	3,249,500	43.80	661,900	38.00
Exercisable as at year end	B,500	38.00	661,900	38.00

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

	31 March 2018	31 March 2017
Dividend yield (%) on face value of share	10.00%	10.00%
ExpecteJ ,□olatility (%)	51.95% - 134.08%	71.79%
Risk-free interest rate (%)	6.66% - 7 63%	7.625%
Expected life of share option (in years)		6
Weighted average share price (INR)	43.82	38
Module used	Black Scholes	Black Scholes

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MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

(till amounts in INR lakhs, unless otherwise stated)

Note - 43
Financial risk management

Financial instruments by category

Particulars	31 March 2018			31 Mrch 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Fiiumcialassets						
□fradcreceivables	-	-	189,768.24	-	-	157,918.59
Security deposit and loans		-	127.65	-	-	113.94
Cash and cash equivalents	-	-	6,484.11	-	-	8,402.94
Bank deposits	-	-	3,222.67	-	-	3,188.67
Otherrecoverable	-	-	676.29	-		488.79
Investments	15.66	-	-	-	-	-
Total financial assets	15.66	-	200,278.98	-	-	170,112.94

Particulars	31 March 2018			31 March 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Finwci:il liabilities						
Borrowings	-	-	182,231.57	-	-	166,169.73
Trndc payables	-	-	15,309.76	-	-	10,127.96
Security deposits		-	545.93	-	-	60874
Others	350.72	-	4,130.95	1,027.56	-	1.828.05
Total financial liabilities	350.72		202,218.21	1,027.56	-	178,734.49

The Group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the en tity 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	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	fi'uture commercial transactions Recognised financial assets and liabilities not denominated in Indian	Cash flow forecasting and sensitivity analysis	Forward contract/hedging
Marketrisk- Interestrnte	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market cisk- Security prices	Investment in equity securities	Sensitivityanalysis	Portfolio diversification s

'f hc Group'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 prov ides wri tten principles for overall risk managen1ent, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investmen t of excess liquidity.

A Credit risk

Credi t risk is the risk that counter party wi ll not meet it's obJigation under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from c:ish and rnsh equi,Talen ts, trade receivables, investments carried at amortised cost nnd deposits with banks and financial i nstitu tions.

Cm/it 1iskmanagement

The finance function of the Group assesses and manages credit risk based on internal credi t rating system. Internal credit rating i s performe d for each class of fi nancial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inpu ts and factors specific to the class of financial assets.

A: Secured, negligible
n: Partly secured
C: Unsecured
D: Doubtful

(All amounts in INR lakhs, unless otherwise stated)

~~Assets under credit~~ risk-

Credit rating	Particulars	31 March 2018	31 March 2017
J\: Secured, negligible			-
B: Partly secured			-
C: Unsecured	Trade receivables	189.768.24	157,918.59
	Security deposits	105.15	88.99
	Loans to employees	22.50	24.95
	Bank deposits	3,185.16	3,141.86
	Cash and cash equivalents	6,484.11	8,402.94
	[nvestment	15.66	
D: Doubtful	Trade receivables	400.00	

The risk parameters are same for all financial assets for all period presented. The Group 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 significandy increased since initial recognition if the payments are more than 30 days past due. J\ 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.

Cm/it ri.rk expos11"

Provision for expected credit losses

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

As at 31 March 2018

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans to employees	22.50	Q0/c	-	22.50
Security deposit	105.15	0o/c	-	105.15
Bank deposits	3,185.16	0o/c	-	3,185.16
Cash and cash equivalents	6,484.11	0°/(1	-	6,484.11

As at 31 March 2017

Particulars	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans	24.95	0%		24.95
Security deposit	88.99	0%	-	88.99
Bank deposits	3,141.86	0%	-	3,141.86
Cash and cash equivalents	8,402.94	0%		8,402.94

peered credit loss for trade receivables under simplified npprouth

Ageing	0-3 months old	03-06 months old	06-12 months old	more than 12 months old	Total
A at 31 March 2018					
Gross carrying amount	151,048.84	22,356.34	10,451.34	6,311.72	190,168_24
Expected loss rate	0.00%	0.00%	2.02%	2.99%	
Expected credit loss provision	-	-	211.00	189.00	400.00
Cnrr}'ing amount of trade receivables	151,048.84	22,356.34	10,240.34	6,122.72	189,768.24

Ageing	0-3 months old	03-06 months old	06-12 months old	more than 12 months old	Total
As at 31 March 2017					
Gross carrying amount	140,144.02	16,489.37	1,125.96	159.24	157,918.59
Expected loss rate	0.00%	0.00%	0.00%	0.00%	
Expected credit loss provision	-	-	-	-	-
Carrying amount of trade receivables	140,144.02	16,489.37	1,125.96	159.24	157,918.59

MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

Kwality Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2018
(1\ll amounts in INR lakhs, unless otherwise stated)

Reconciliation of expected credit loss provision

Particulars	Amount
As at 1 April 2016	1.65
Changes in provision	(1.65)
As at 31 March 2017	-
Changes in provision	400.00
As at 31 March 2018	400.00

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 Group maintains flexibility in funding by maintaining availability under **committed facilitles.**.

Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash Aows. The Group takes into account the liquidit)' of the market in which the entity operates. In addition, the Group'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 pJans.**

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant matut1ty groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash Aows. Balances due within 12 months equal their carrying balances as the impact of **discounting is inign1ficant.**

31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Nonderivatives					
Borrowings (including interest)	141,215.45	21,683.26	15,739.96	22,419.28	201,057.94
Trade payable	15,309.76	-	-	-	15,309.76
Other financial liabilities	1,016.92	-	-	-	1,016.92
Security deposits	545.93	-	-	-	545.93
Total	158,088.05	21,683.26	15,739.96	22,419.28	217,930.55

31 March 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivatives					
Borrowings	117,114.26	14,884.69	15,248.50	28,363.50	175,610.94
Trade payable	10,127.96	-		-	10,127.96
Other financial liabilities	753.05	-	-	-	753.05
Security deposits	608.74	-	-	-	608.74
Total	128,604.01	14,884.69	15,248.50	28,363.50	187,100.70

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 of three type of risk namclr foreign exchange risk, interest rate risk and price risk.

Foreign exchange risk

The Group 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 Group does not hedge its foreign exchange receivables/payables.

I'orcign currency risk exposure:

Particulars	31 March 2018		31 March 2017	
	USD	INR	USD	INR
Export trade receivable	23,030,845.42	14,980.21	29,648,212.26	19,223.49
Balance with banks - Export Earner in Foreign Credit (EEFC)	2,854.87	1.86	372,756.21	241.69
Trade 1\dvance ceceived	68,964.40	44.86	68,964.40	44.72
Import trade payable	391,837.17	254.87	-	-
Burers credit payable		-	-	-
Import capital creditors payable		-		
Foreign currency loan (Union Bank of India - UK)	13,295,698.50	8,648.07	13,999,997.62	9,077.40

Sensitivity

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

Particulars	31 March 2018	31 March 2017
USD sensitivity		
INR/USD- increase by 5% (31 March 2017 5%)	306.20	519.39
INR/USD-decrease by 5% (31 March 2017 5%)	(306.20)	(519.39)

Kwality Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2018
(All amounts in INR lakhs, unless otherwise stated)

Interest rate risk

The Group'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.

Thc IJt'OUO .:t vanable rate >0n ow11'1. rn 11 b'1 i.:c1 to interest rate. Below 1s the o, erallc:xf\JUR! of thc l orruw111. :

Particulars	31 March 2018	31 March 2017
Variable rate borrowing	176,261.97	110,552.59
Fixed rate borrowing	5,969.60	55,617.15
Totnl borrowings	182,231.57	166,169.74

Sensitivity

Profit or loss is sensitive to hi.t!h r/IOWi" r intcr0$t c.snc1\:;c from llarrowi nL as a result of ch1'1lJ!C$ 1n interest rates.

Particulars	31 March 2018	31 March 2017
Interest rate sensitivity		
Interest rates -increase by 50 basis poi nts (previous year 50 bps)	911.16	830.85
lntcn: t r;11 -ucc1'l':t<c by 50 basis points (previous year 50 bps)	(911.16)	(830.85)

Under the Group risk management policy, the management closely monitor the viable options and accordingly discontinued the interest rate swap agreement in the current year as it became loss scenario.

Price risk

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

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MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

(All amounts in INR lakhs, unless otherwise stated)

Note - 44

Fair value measurements

(i) Fair value hierarchy

Pinancial assets and financial liabilities measu red 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 l:quoted prices (unad justed) 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) F'1nancial assets and financ1al liabilities measured at fauvaue -rv.t.:11rr111;1!fat'rvaue measurements

31 March 2018	Classification	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities						
Derivative financial instrument	FVTPL	Note 1		350.72		350.72
Financial assets						
Investment in mutual funds*	FVTPL		15.66			15.66

*There have been no transfers between Level 1 and Level 2 during the year.

31 March 2017	Classification	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities						
Derivative financiaJ instrument	FVTPL	Note 1		1,027.56		1.027.56

(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:

(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.

All of the resulting fair value estimates are included in level 2.

Note 1:

The fair value of derivative financial instrument pertains to upside interest payable to lenders of the Company has been certified by a practicing chartered accountant. The fair value of derivative financial instruments is based on quoted prices and inputs that are directly or indirectly observable in the marketplace.

MSKA & ASSOCIATES GURUGRAM

KWALITY LIMITED NEW DELHI

Note - 45

'Ihc Group is prinL'lrily engagt:-d in the business of P'occssing, manufactu,ing ;111.J trading of milk, milk prot..lucts & t..lairy products, which as per InJian Accounting Stand;i(d -108 on <Opcmting Segments' is con:-;idcrcd to be the unly rq 1ort.1.bfo business ;t<grnr.-m.

A

Revenue from external customers	31March 2018	31 March 2017
f11dra (Do1nicilcd Countr\')	655.118.38	572.167.87
UAE	59,448 85	72,827.98
Other foreiJ!11 cow1tries	16,460OS	42,126 75
Total	731,027.28	687,122.59

B Thc Group does not have revenue transactions with a single external customcc amounting to to percent or more of total group revenue.

C fhc total of non-current assets other than financial instruments, investments ccounted for usjng equity method and deferred rnx assets, brok en down by location of the assets. is shown below:

	31 March 2018	31 March 2017
Tndia	65,522.60	71,099.08
Other foreign countries	686-72	622 06
Total non-current assets	66,209.32	71.721.14

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 - totalliabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	Ali a % of consolidated profit and loss	Amount	As a % of consolidated other comprehensive income	A.mount	As a % of consolidated total comprehensive income	Amount
Kwalit\' Limited - Parent								
31 l\forch 2018	88 83%	111,624.78	77.01%	7,111-11	-203.83%	(22.76)	76 67%	7.088 35
31 Ma1□ch2017	89.37%	99,852 92	84.63%	16,430.06	0.97%	(1.57)	85.33%	16,428.49
Subsidiary - Foreign								
- Kwat)' Dairy Products FZE								
31 Macch 2018	11.17%	14,034.65	22.99%	2,123.49	303.83%	33.93	2333%	2,157 42
Jl March 2017	1063%	11,877.24	1537%	2.984.1!4	99.03%	(160.55)	14.67%	2,824 29
Total2018	100.00%	125,659.43	100.00%	9,234.59	100.00%	11.17	100.00%	9,245.76
Total2017	100.00%	111,730.17	100.00%	19.414.91	100.00%	(162.12)	100.00%	19,252.79

Note - 47

rhc Compan) has rn past couple of years invested U1 development of new manufacruring facility for procluctmn of □valut' Added Products' at Softa (Pahval). In vit:w of the sa1J expansion and to part fund the working capital requirements the'e IU\s been a delay in payment of Income Tax and interest thereon Also rcfcc below note for derails on dclar on [>aymenr of undisputed taxes:

Name of the statute	Nature ofthe dues	Net amount payable	Financial Year	Due Date	Remarks, ifanv
Incom tax Act,1961	Income tax	4.255.79	2015-16	30 November 2016	Refer Note 1
Income tax l.ct,1961	Income tax	4,902.93	2016-17	30 November 2017	Refer Note 1
Income tax Acr,1961	Payment of ad,Tance tax	2,854.50	2017-18	Represents actvancc t:tx payable till 15 September 2017.	Net tax parable for the yeac INR 6,343.32 lakhs. Refer Note 1
Income rax Act,1961	fnterest o Income mx	47.45	2014-15	7 March 2018	Rectification application under section 154 has been filed on 12

Note 1: Excludes interest on unpaid income tax amounting to INR 2,379.60 lakhs.

Note - 48

Tr:'lcic payables includes fot:eign currency balances INR 254.87 lakhs outstandlng for a more than six months from the date of goods receipt note (GRN). Similarly trade recei\•ab les includes foreign currency bi\ lances INR 8,781.77 lak.hs which is pending fo[collection more than nine months from tbe date of the invoices. The Comp:my believes that there will be no signific:int penalty on account of foreign exchange payable and receivable delay.

Note - 49

Income t:i.x search u/s 132 of Income Tax Act, 1961 was conducted on 22 August 2017 Subsequent!)', Comp:i.nr has received notices u/s 148 and 153A f'urther the proceeding.> in this m:itrc1 arc yet to st:irt. At this point of time it is not possible to predict the ourcome or ascertain the demand of tax, if any from the Income T:ix Department accordingly no adjusrrnents have been rccmded in the financial statements. In addition to above notices, Compan)' has also received two notices under section 276 (2) and 277 of Income tax 1\ct,1961 for Assessment year 2016-17 and 2017-18 dated 12 March 2018 and 27 J\.fa.rch 2018 for pem1lty on non- payment of t:ixes for aforesaid assessment years. However, at this stage nu pcm1lty bas been imposed by department, therefo,e, it is not possible to pn;dict the outcome in near future-

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KWALITY LIMITED NEW DELHI

Note -50

Having regard to enhanced production facility and plafUled funding, management is con6dcnt of meeting all its liabilities, accordingly the financial statements have been prepared on a 'going concern' basis.

Note -51

The matter between Hindustan Unilevel Limited (HUL) and Company regarding entry into t>ach others buslness areas under the brand name il'&volving the word 'Kwality' is sub judice in Kolkata High Court The subject matter took place after the Balance Sheet date.

Note -52

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

For MSKA & Associates
Chartered Accountants
f'im1's Registration No. : 105047W

Membership No. 094518
A li1rn

Pnrtner

Place: New Delhi
Date: 28 May 2018

For and on behalf of the Board of Directors of
Kwality Limited
CIN No. L74899DL1992PLC255519

(Sanjay Dhingra)
Managing Director
[DIN:00025376]

(Sidhant Gupta)
Director
[DIN:00555513]

(Sutish Kumar
Chief Financial Officer
PAN :AEUPG2708P

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

Place: New Delhi
Date: 28 May 2018

KWALITY LIMITED
NEW DELHI

MSKA
& Associates
Chartered Accountants

The Palm Springs Plaza
Office No. 1501-08, Sector-54
Golf Course Road
Gurugram 122001, INDIA
Tel.: +91 124 281 9000

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 March 31, 2018, 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 then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the accounting principles generally accepted in India.

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 Responsfbflfty

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 of the standalone Ind AS financial statements 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 the standalone Ind AS financial statements are free from material misstatement.

MSKA

& Associates

Chartered Accountants

Other Matter

The standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another auditor whose report dated May 26, 2017 expressed an unmodified opinion on those financial statements.

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 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) 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 account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) The matters described in Annexure A to this report under 'Material Weaknesses' paragraph, in our opinion, may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) 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'

(h) 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 disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 38 and 48 to the standalone Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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MSKA

& Associates

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iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section 11 of section 143 of the Act, we give in the 'Annexure B', a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **MSKA & Associates**
Chartered Accountants
Firm Registration No. 105047W

Amit Mitra
Partner
Membership No. 094518

Place: New Delhi
Date: May 28, 2018

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MSKA

& Associates

Chartered Accountants

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KWALITY LIMITED

[Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent 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 Kwality Limited ("the Company") as of March 31, 2018 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 establishi ng 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 Instftute of Chartered Accountants of India (ICAI) (the "Guidance Note"). 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 Company's policies, the safeguardi ng 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.

Auditors' Responsibility

Our responsibH1ty 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 and the Standards on Audi ting, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 was 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 operati ng effectiveness of internal control based on the 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.

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

MSKA
& Associates
Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financi al 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 financi al 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 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 financi al 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.

Material Weaknesses

Accordi ng to the information and explanations given to us and based on our audit, the following material weaknesses hve been identified as at March 31, 2018:

a) The Company did not have a mechanism to reconcile the 'cheque receipt and deposit register' with bank book. In the absence of such reconciliation, actual date of receipt of cheques cannot be ascertained (Cut Off). We have verified the date of receipt of cheque from date of posting in the bank book further their subsequent clearance verified from bank statement.

b) Debit/ credit note pertaining to procurement of material, recording of trading sales and journal entries are not authorised in the automated system. Further no competitive quotations are obtained for purchase of fixed assets. Absence of above controls may have an impact on the accuracy of relevant account balance. Absence of comparative quotation may have impact on the purchase price. We have performed other corroborative procedures such as verification of manual authorisation along with necessary supporti ng document besides obtaining independent year end balance confirmation from select vendors.

A 'material weakness' is a deficiency, or a combination of deficienci es, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018 standalone financial statements of the Company, and these material weaknesses does not affect our opinion on the standalone financial statements of the Company.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Amit Mitra
Partner
Membership No. 094518

Place: New Delhi
Date: May 28, 2018

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF KWALITY LIMITED FOR THE YEAR ENDED MARCH 31, 2018

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except assets were not tagged with any unique identification number.

(b) The Management has verified fixed assets during the year as per the regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

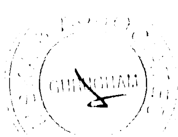
ii. The inventory has been physically ver1ff ed during the year by the management. In our opinion, the frequency of VP.rification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. In our opinion and according to the information and P.xplanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2018 and the Company has not accepted any deposits during the year.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete



vii.
(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, service tax, duty of customs, duty of excise, value added tax, cess have been regularly deposited with the appropriate authorities. The Company has been generally regular in payment of goods and service tax. Further there are serious delays in payment of withholding tax, Income tax during the year.

Undisputed statutory dues outstanding as at March 31, 2018 for a period of more than six months from the date they became payable are given below. Also refer paragraph (a) under paragraph "Emphasis of Matters" of our Independent Auditor's report.

(Amount in lakhs'

Name of the statute	Nature of the dues	Net amount payable	Period to which the amount relates (Financial Year)	Due Date	Date of Payment	Remarks, if any
Income tax Act, 1961	Income tax	4,255.79	2015-16	November 30, 2016	Not paid	Refer Note 1
Income tax Act, 1961	Income tax	4,902.93	2016-17	November 30, 2017	Not paid	Refer Note 1
Income tax Act, 1961	Payment of advance tax	2,854.50	2017-18	Represents advance tax payable till September 15, 2017.	Not paid	Net tax payable for the year INR 6,343.32 lakhs. Also, refer [illegible]
Income tax Act, 1961	Interest on Income tax	47.45	2014-15	March 7, 2018	Not paid	Rectification application under section 154 has been filed on April 12, 2018.

Note 1: Excludes interest on unpaid income tax amounting to INR 2,379.60 lakhs

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, sales-tax, service tax, customs duty, excise duty and value added tax dues on account of any dispute, are as follows:

(Amount in lakhs)

Name of the statute	Nature of dues	Amount (Note 1)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Uttar Pradesh VAT	VAT	5.00	2012-13	Addl. Comm. (Appeal), Ghaziabad	
Uttar Pradesh VAT	VAT & CST	53.06	2013-14	Joint Commissioner (Appeal, Bulandshahar	
Uttar Pradesh VAT	VAT	30.11	2014-15	Tribunal (2nd Appeal), Aligarh	
Haryana VAT	VAT	0.44	2012-13	DETC Cum Assessing Authority, Palwal	
Haryana VAT	VAT	340.86	2013-14	Appellate Authority, Palwal	
Rajasthan VAT	VAT	18.45	2014-15	Appellate Authority, Jaipur	
Delhi VAT	VAT	10.87	2012-13	Commissioner (VAT), Appeals, Delhi	
Punjab VAT	VAT	16.08	2012-13	DETC(Appeals) cum JD(Aooeals) 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	

Note 1: The above amount exclude impact of amount paid under protest amounting to INR 72.74 lakhs.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initiill public offer or further public offer (inclurling debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

MSKA

& Associates

Chartered Accountants

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year under the 'Employee Stock Option Plan 2014'. Further, the Company has not made any private placement of Shares or allotted any partly or fully convertible debenture during the year. Accordingly, requirements of Section 42 of the Act are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of Lhe Order are not applicable to the Company.

For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

A Mttra
Partner
Membership No. 094518

Place: New Delhi
Date: May 28, 2018

Kwality Limited
Standalone Balance Sheet as at 31 March 2018
(All amount in INR lakhs, unless otherwise stated)

	Note	As at 31 March 2018	As at 31March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	6	45,869.38	42,981.57
Capitalwork-in-progress		5,627.64	662.15
Intangible assets		131.04	134.22
Financial assets			
Investments	8	1,918.41	1,902.75
Loans	9 A	79.29	68.89
Other financial assP.ts	10 A	139.77	264.15
Deferred tax assets (net)	11		822.67
Other non-current assets	12 A	13,878.87	27,167.44
Total non - current assets		67,644.40	74,003.84
Current assets			
Inventories	13	21,013.23	31,091.85
Financialassets			
Trade receivables	14	170,081.33	137,347.48
Cash and cash equivalents	15	6,234.48	8,028.29
Other bank balances	16	1,853.20	632.38
J,oans	9 B	48.36	26.67
Other financial assets	10 B	670.97	488.79
Other current assets	12 B	51,843.48	22,923.78
Total current assets		251,745.05	200,539.24
Total assets		319,389.45	274,543.08
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	2,413.54	2,373.56
Other equity	18	109,211.24	97,479.37
Total of Equity		111,624.78	99,852.93
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	19 Λ	46,549.98	49,999.61
Other financial liabilities	22 Λ	350.72	1,027.56
()ther non-current liabilities	23 Λ	482.02	
Provisions	20 Λ	413.91	270.24
Deferred tax liabilities (net)	II	92.99	
Total non current liability		47,889.62	51,297.41
Current Jh1bilities			
l'inancial liahili lil'S			
Borrowings	19 II	104,897.40	93,694.30
'l'rndc payables	21	13,029.24	9,11c;<n
<)1hc1 financial liahililil'S	22 B	23,045.26	9,520.39
<)I her current liabilities	23 II	875.07	1,244.52
Pmvisions	20 II	98.99	35.42
c:11rrcn1 lax liahililil's (1w1)	24	17,929.09	9,782.18
Total current liability		159,875.05	123,392.74
Total liability		207,764.67	174,690.15
Total equity and liahilitieH		319,389.45	274,543.08

Summary or significanl acwun1ing policies
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For MSKA & AHH11dntl'H
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!'inn's Rcgis1ra1io11 No. : I05047W

Amit Mitru
l\frrnllt'rship No. 09451H
Partrwr

Pinn: Nl'w I >dhi
I>ntl': 2H May 20IH

Fe and on behalf of the Board uf Dire<:tur8 of
Kw lity Limited
CIN : L74899DL1992PLC 255519

(Sanjay Dhingra)
Managing Director
[DIN:00025376]

(Sidhant Gupta)
Director
[DIN:00555513]

(S sh Kumar Gupta)
Chief I•'inancial Officer
P/\N : AHUPG2708P

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

Place: New Delhi
n.,,.,..?Q r.,r.,,, ?n1Q

Kwality Limited

Standalone Statement of Profit and Loss for the year ended 31March 2018

(All amount in INR lakhs, unless otherwise stated)

	Note	For the year ended 31March 2018	For the year ended 31March 2017
Revenue			
Revenue from operations	25	672,487.64	613,126.55
Other income	26	1,300.95	1,330.66
Total income		673,788.59	614,457.21
Expenses			
Cost of materials consumed	27	519,066.04	490,087.73
Purchase of stock-in-trade	28	66,224.95	77,688.71
Changes in inventories of finished goods, working in progress and stock-in-trade	29	11,878.86	(16,714.68)
Employee benefits expense	30	5,794.13	3,785.43
Finance cost	31	23,318.30	16,990.27
Depreciation and amortisation expense	6 & 7	12,555.96	2,171.39
Excise Duty Paid	32 A	2.31	4.00
Other expenses	32 B	20,536.61	17,073.79
Total expenses		659,377.16	591,086.64
Profit before tax		14,411.43	23,370.57
Current tax	33	6,372.62	6,602.36
Deferred tax	11	927.71	338.15
Profit after tax		7,111.10	16,430.06
Other comprehensive (loss)	34		
A. Items that will not reclassify to profit or loss			
(i) Re-measurements Ooss) on defined benefit		(34.81)	(2.40)
(ii) Income tax relating re-measurements gain on above		12.05	0.84
Other comprehensive (loss) for the year		(22.76)	(1.56)
Total comprehensive income for the year		7,088.34	16,428.50
Earnings per equity share	35		
Basic		2.97	6.97
Diluted		2.96	6.94

Summary of significant accounting policies 5

The accompanying not'ts arc inttgral part of the Standalone Financial St atcmcnts

Thisis the St at tnwnt of Pmfit :ind Loss nfr1 1 cd to inou1 1'cpo1tofeven date.

For MSKA & Associates
Cha1tcrcd J\ce<mntants
i"irn1's lhgistrntfon No. : 105047W

Arntt Mitra
Membership No. 094518
Partner

Place: New Delhi
Date: 28 May 2018

For and on behalf of the Board of Directors of
Kw ity Limited
CIN : L74899DL1992PLC255519

(Sanjay Dhingra)
Managing Director

(Sidhant Gupta)
Director
[DIN:00555513]

(Satish Kumar Gupta)
Chief Financial Officer
PAN : AEUPG2708P

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

Place: New Delhi
Date: 28 May 2018

Kwality Limited
Standalone Statement of Changes in Equity for the year ended 31March 2018
(All amount in 11\:R1akhs, unless otherwise stated)

A Equity Share Capital

Particulars	Amount
As at 1 April 2016	2,239.12
Changes in equity share capital	134.44
As at March 31, 2017	2,373.56
Changes in equity share capital	39.98
As at March 31, 2018	2,413.54

B Other Equity

Particulars	Note	Share application money	Monies received against share warrants	Reserves & Surplus: Securities premium reserve	Reserves & Surplus: Employee's stock options outstanding	Reserves & Surplus: Retained earnings	Other comprehensive income - Reserve: Remeasurement of defined benefit plans	Dehenturl' Redemption Reserve	Total equity attributable to equity holders of the Company
Balance as at 1 April 2016			1,250.00	9,792.75	916.68	62,090.00	16.91		74,066.33
Profit for the year	18(0)					16,430.06			16,430.06
Dividends	18(0)					(236.09)			(236.09)
Ta.x on dividends	18 (D)					(48.06)			(48.06)
Amount received against Share \Varrants	18(A)		3,750.00						3,750.00
Share warrants issued during the year	18(1\)		625.00						625.00
Employee stock option expense	18(C)				384.58				384.58
Employee stock option exercised/lapsed during the year	18(C)				(854.53)				(854.53)
Securities premium recei,□ed on issue of shares	18(B)			8,202.72					8,202.72
Sharewarrants converted into equity shares	18(A)		(5,000.00)						(5,000.00)
Application money pending allotment	18 (E)	160.93							160.93
Others	18(I□)						(1.57)		(1.57)
Balance as at 31 March 2017		160.93	625.00	17,995.47	446.72	78,235.91	15.34		97,479.37
J>rotit for the	18(D)					7,111.10			7,111.10
yc;11□ Dividends	18(D)					(237.96)			(237.96)
Tax on dividends	18(D)					(48.44)			(48.44)
Dcht□n1ure Rcdcmp1ion Rese1vc	18(G) & 19					(1,323.25)		1,323.26	0,01
Employct□ stock option expense	18(C)				1,622.52				1,622.52
1•:mployt't' stock option t□xcrciscd	18(C)				(□127.59)				(427.59)
•:mplnyt't' s1□nck option lapsed	IH(C)					23.14			
Scc11ritic:;pn□mi11ml'<l"civ<.□donissu<.□nf sharc.•s	18(II)			□1,520.92	(2.114)				4,520.92
Am(1un1□t□cccivc.□d11g;1i11s1Shal'c\X.'al'l'anls	18 (A)		1,H1.::..oo						1,875.00
E<1ui1y share capilal issued	18(A) & (I□:)	(IW.9.)	(2,500.<Xl)						(2,660.93)
Oil ltrs	18(I□)						(22.76)		(?? 76)
H11h111cc as at 31 March 2018				22,516.39		83,760.50	-7.42	1,323.26	109,211.24

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For and on behalf of the Board of Directors of
Kwality Limited
CIN No. L74899DL1992PLC255519

(Sanjay Dhingra)
Managing Director
[DIN:00025376]

(Sidhant Gupta)
Director
[DIN:0...55513]

(Satish Kumar Gupta)
Chief Financial Officer
PAN : AEUPG2708P

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

Place: New Delhi
1>a1c: 28 May 2018

Kwality Limited
Standalone Cash Flow Statement for the year ended 31 March 2018
(All amount in I"JR lakhs, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	14,411.43	23,370.57
Adjustments for:		
Depreciation and amortisation expense	12,555.96	2,171.39
Loss/ (gain) on disposal of fixed assets (net)	90.36	(15.85)
Interest mcome	(80.60)	(205.49)
Unrealised forcien ci.-rhange fluctuation (net)	(172.97)	2'J9.52
Finance costs	23,318.30	16,990.27
Share based payment expense	1,622.52	384.58
Provision for doubtful ad\ances/receivables	400.00	
Movement in provision for employee benefits	172.44	237.33
Release of derivative liability redeemable debentures	(676.8-1)	
Finance income on compulsorily convertible debentures	(146.79)	
Derivative liability expense	-	700.63
Operating profit before working capital changes	51,493.81	43,932.95
Movement in working capital		
Decrease/ (Increase) in non - current loans	(10.-10)	(18.55)
Dccrease/(Increasc) in current loans	(21.69)	
Dccrease/(lncrcase) in inventories	10,078.62	(16,831.21)
Dccrease/(Increase) in other financial assets	124.38	1,474.85
Decrease/ (Increase) in other non current assets	(8,721.32)	(5,921.82)
Decrease/ (Increase) in other current assets	(16,918.29)	(2,932.52)
Decrease/ (Increase) in other current Iiabilitie,:	(493.01)	
Dccrease/(Increase) in trade recei\abk,:	(32,934.77)	3,833.14
(Decrease)/lncrcase in other financial liabilities	128.66	296.61
(Dccrease)/lncrcase in other liabilities		(207.70)
(Decrease)/lncrcasc in trade and other payables	3,914.65	4,740.64
Change in Working Capital	(44,853.17)	l5,566.56}
Cash flow from operating activities post working capital changes	6,640.64	28,366.39
Income tax paid (net)	(1,096.05)	(4,523.16)
Net cash flow from operating activities (A)	5,544.59	23,843.23
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work-in-proi.,rrcss)	(9,662.70)	(27,510.93)
Proceeds from sale/disposal of fixed assets	17.-12	61.62
Purclrnsc ofi11tan1hlcass1•ts	(22.12)	(16.88)
Purchase ofrun1 11tal1dm111-currt•nt	(15.66)	(18.20)
i111cstmt•111s Movement in fixed deposits (net)	(1,220.82)	(191.57)
Interest received	80.60	205.49
Net cash flows used in investing activities (B)	(10,823.28)	(27,470.47)
C CASH I'LOWS FltOM FINANCING ACTIVITIES		
Proceeds from issue of capit;11 (indudinp; sccuritit•s premium and shan• application money)	1,947.39	7,643.57
l'roccds from long-ll'rm borrowings (nt•t)	9,042.88	26,796.17
l'rclt11ds/(lkpay1111•n1) ofshmHt•m1 benrnwings (mt)	11,203.11	(9,591.89)
l'inancc cost p1 1id	(18,412.80)	(16,239.15)
llil'id1•ml paid (including lax)	(295.70)	(284.15)
Net cnHh flow from linnncing nctivlticH (C)	3,484.88	8,324.55
(lltcrr11c)/1ncrt.1st in ,-,,.It o111d••h,.,111i1dll'lll•(1\t11t(	(1,793.81)	4,6'Jl.SI
:) Cnsh and c;1sh 11111il'aknts at tlw lll'gi11ning of th")'C'ar	8,028.29	3,330.98
C11Hh nnd cnsh equivnkntH nt the end of tht' yt nr	6,234.48	8,028.29

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For and on behalf of the Board of Directors of
Kwality Limited
CIN No: L74899DL1992PLC255519

(Sanjay Dhingra)
Managing Director
[DIN:00025376]

(Sidhant Gupta)
Director
[DIN:00565313]

(Satish Kumar Gupta)
Chief Financial Officer
PAN : AEUPG2708P

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

Place: New Delhi
Date: 2H May 2018

KWALITY LIMITED NEW DELHI

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 and Rajasthan. The Company operates both in domestic and international markets. The registered office of the Company is situated at KDIL House, F-82, Shivaji Place, Rajouri Garden, New Delhi 110027, India.

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 r.ead 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.

The financial statements for the year ended 31 March 2018 were authorized and approved for issue by the Board of Directors on 28 May 2018.

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;

4. Standards issued but not yet effective and have not been adopted early by the Company

Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below.

Ind AS 115 'Revenue from Contracts with Customers' (Ind AS 115)

The new standard on revenue recognition overhauls the existing revenue recognition standards and will replace Ind AS 18 – Revenue and Ind AS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five steps application principle to be followed for revenue recognition:
i. Identificat'ion of t:he cotll"racts with the customer
ii. I<lcntification of th<. performance obligations in the contract
iii. Determination of 1"11e transaction pric<.
iv. Allocation of transact-ion price to t-he performance obligations in the contract (as identified in step ii)
v. Recognition of revenue when the Company satisfies a performance obligation.

Appt•ndix B to Ind AS 21, I•'oreign currency transactions and advance considerati<_>/1.?:;:=-:_-- _
On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified tfQ? (Indian Accounting Standards) Amtndmcnl Rules, 2018 containing Appendix B to Ind AS 21, u; ,.1 \rn transactions and adv1111cc cot klcration which clarifies the date of the transaction for the p – ing the exchange
N,

rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consiueration in a foreign currency. The amendment will come into force from April :i, 2018.

The effective date of the new standards has been notified by the MCA as 1 April 2018. The management is yet to assess the impact of these new standards on the Company's financial statements.

5. 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.

5.1 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 hi 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
• Thcr' is no 11nc.onditinnal right to defer the settlement of the liability for at lea.Rt twe.lve. mon ths after the reporting period
All other liabilities arc classified as non-current.

Deferred tax assets and liabilities arc 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 equivalen t. The Company has identified twelve month as it's operating cycle.

5.2 Foreign currency

I 1/mctirmal and pre.renltJlion curreny
The financial statements arc prcslntcd in Indian Rupee ('INR'), which 1s the Company's functional and prescn tat-ion currency.

'/ 'mn.rtJclions anti halance.r
li'ordgn currency transactions arc recorded in the functional currency, by applying to the exchange rate between 1hl functional currency and the forcin currency at the <late of the transaction.

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary item.s denominaled 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.

5.3 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/ receivable inclusive of excise duty net of rebate and other taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

Sale of goods
Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customer. Sales are recorded inclusive of excise duty net of sales returns, Sales tax/ Goods and Service Tax (GST), rebates, trade discounts and price differences.

Income from services
Revenue from milk processing and other services, are recognized as and when services are rendered and are accounted on an accrual basis.

Interest income
Interest income is recorded on accrual basis using the effective interest rate (EIR) method.

Export ben/its
Ixports benefits arc recognized on accrual basis in the Statement of Profit and Loss when the reasonable right to receive the same is established.

5.4 Borrowing costs

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

5.5 Property, plant and equipment (PPE)

Hocr nilion andinitialm(1r.1.r11rcmenl
I1'rcchold land is cat□ricd at historic cost. Other properties plant and equipment are stated at their cost of ac<.Juisition less depreciation. The cost of ac<.1uisition comprises purchase price, borrowing cost if capitalization criteria arc met an<l dir<.□ctly attributable cost of bdne,ine, the assc.t tn its wnl'k i11g 1 11111-J jtf)jfi..:{i11te11ded use.

Any tra<..le <liscount an<.li-cllatcs arc dcductcd m arri v mg at the purehase pri ce. l/.:/'r" --.. ¶fA..>\

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*/:}"I/

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 (depruiation and useful liveJ)
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 Rignific:an t pn rt init1nlly recognised .iR dcrcc.ogni r:d upo11 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 (c:akulatcn as the clifft>rt>n('f' 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.

5.6 Intangible assets

Re1:gnitiot1 and initial t!ll}asuremmt
J\cquirc<l computer aoftwarc arc capitalized at cost of acquisition (Indu<li11g 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.

Subsequent measurement (amortisation)
In tangi blc assets arc 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 ckprc. ciation from the day the asset is put to use and for any asset sold, till the date of sale.

5.7 Operating leases

Crm1paf!y as lessee
Assets acquired on leases wlwrl' a signi ficant portion of risk and rewards of ownership are retained by the lessor arc classified as opcrat in leases. l.c. asc rental are charged to statement of profit and loss on straight line basis cxcl'pt whc.•t c scheduled increase in t cnt compensate the lessor for expected inflationary costs.

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5.8 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 pre:v1011sly recognized are accordingly reversed in the statement of profit and loss.

5.9 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.

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
- I•'inancial assets at fair value through profit or loss (FVTPL)
- I•'inancial assct.s at. fair value through other comprehensive income (FVTOCI)

All financial assets except for those at I•'VTP1, arc subject to review for impairment at least at each reporting date.

Amortised cost

A financial assd shall be measu red at amortised cost using effective interest rates if both of the following conditionsarl111<.t:

- the financial asslt is held wit-hin a business model whose objective is to hold financial assets in order to collect contract ual cash flows; and
- tlw con tract ual terms of th<. financial asset give rise on specified dates to cash flows that are solely paymen ts of principal and i ntctcst on the principal amuuu l uuls t.auuing.

The Company's cash and cash C<.Juivalcnts, trade and other receivables fall in [illegible] of financial inst rutnlnt:s.

1\ \'-..'--□-:;. .../ ./.jl

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

PVTOCI 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 arc 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 arc 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 derivadvc arc not closely related to the economic characteristics and risks of the host and arc measu red a t fair value through profit and loss. Embedded derivatives closely related to the host contracts are not separated.

Fair value hedges

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

The (;roup has an int-cr<.st rat-<. swap that is used as a hedge for the exposure of changes in the fair value of its 8.2s<y;, fixed rat<. secured loan. Sec. Note 42 for more details.

Offsetting of financial instruments

I•'inancial asst s and financial. liabilities re offset and t.he net amount is reporte in te; if there is a cm□rcnt ly cn!orccabk k□gal rtght to offset the recognised amounts and there 1s an crtrr e on a net basis, to rcaliH e the assets and settlc the liabilities simultaneously.

Investment in subsidiary

Investment in subsidiary is carrie<l at cost in the separate financial statement.

5.10 Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for recognition and measureni.ent 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.

Otherjinandaf 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.

5.11 Inventories

Inventory includes raw material, packing material, stores and spares, work in progress, traded and finished goods. Inventories arc stated at the lower of cost and net realisable value. Cost comprises cost of purchases and other cot incurred in bt inging the inv t: nlul'ies lo preseul localion an<l 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 est:imate<l costs necessary to make the sale. Inventory item held for use in production is not written down below cuf!l, if the li1lislicJ prouu<..:l iu which lhcy will be incorporated are expected to be sold at or above cosL

5.12 Income taxes

'l'ax c.xpcnsc. rccognizc. d in statemen t: 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.

Calculat:ion of currln t: tax is based on tax rates and tax laws that have been enacted at the reporting date. Current income tax rdat:ing to it-t.ms recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in el}uity). Current tax items are recognised in correlatio... erlying transaction either in other comprehensive income or directly in equity.

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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 exten t 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.

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).

5.13 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.

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

Short-term emplr!yee ben/its:
Short-term employee benefits such as salaries, wages, bonus etc. are recognized as an expense at the undi1:1countcd amount in the ti tntemcnt of profit and loss for the year in which employee renders Lhe relaleu service.

Post-emplqyment benqjits

I)qjined contribution plans:
Company's contribution to l•:mployces' Provident Fund Scheme, Employees' State Insurance Contribution Scheme and Staff welfare fund arc charged to the revenue of the year when the contribution to the respective fund is due.

I)q/inecl henqjil plans:
The Company's watuity schl'tnl' is a defined benefit plan. The present value of the obligation under such defined plan is <.k t rnnim□d based on actuarial valuation carried out at the end of the year by an independent actuary, using the Projected lJnit Credit method, which recognizes each period of service as giving rise to additional unit of <.mployee benefit en titlemen t and measures each unit separately to build up the final obligation. The obligation is 111<.'asur<.□d al' the present value of the estimated future cash flows. ActuariLgins and losses arising on such valuation ar<.□ r<.□cogni:t.ed immediately in the Other Comprehensive In \Ai!t rest expense is accoun t ed as finance cost in Stat<.□mcn t of Profit and Loss.

Compensated absences:
Ilene.fits un<ler 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.

5.15 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, Compe1:1sation 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 eqity. 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.

5.16 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.

5.17 Provisions, contingent liabilities and contingent assets

Provfrionsand continLent 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 arc discounted to their present value, where the time value of money is material.

When some cr 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.

Contingen t liability is a possible obliga tion arising from past events and the existence of which will be confirmed only by the occu1rence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a presen t: obligation that arises from past events but is not recognised because it is not possibk that an outflow of resources embodying economic benefit will be required to settle the obligations or rdiabk estimate of t he amoun t of the obligations cannot be made. The Company discloses the existence of conl'ingl'n t' liabilidt•s in ()thcr Not es to I •'inancial Statements.

I n cmws whltl tht possi ble outflow of economic resources as a result of present obligation is considered improbable or remote, no Pwvision is recognised or disclosure is made

KWALITY LIMITED NEW DELHI

Contingent assets:
Contingent assets usually arise from unplanne<l 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.

5.18 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

5.19 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.

5.20 Government Grant

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

5.21 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.

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The following arc significant matrngement judgc. ments 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 lKut'iliz<.•<.I. 1n addition, significant judgctrn.•nt is rec.1uire<l in assessing the impact of any legal or economic limits.

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

Classification uf Leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

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.

Fairvalue measurements -The C:ompany applies valuation techniques to determine the fairvalue of financial instruments (where active market quotes are not available) and non-financial assets (Share based payment). This involves developing estimates and assumpLiu11s cuusisLeuL with the market participants to price the instrument. The Company's assumptions are based on ohservahle chi1a as far as possible, othenvise 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 pro<luction, etc. Management also estimates the net realisable values of inventories, taking into accoun t the must rcliaule cvi<lem:c available at each reporting date. 'l'he 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 regar<ling the probability of exposure to potential loss.

Useful lives of depreciable/ amortisable assets – Management reviews its estimate of the useful lives of depreciable/ amortisablc assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical an<l economic obsolescence that may change the utility of certain software, customer rch1t-ionships, IT C<.Juipmen t: and other plant and equipment.

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6 Property, pb:nt :md equipment

	Frtthold land	Buildin	Plant >Ind machine!)-	Office equipment	Computers	Furniture and fixtures	Vehicles	Total	CWIP
Gross canying zmount									
_\o;-\;r-.'.21116	1.05-:-.-.;.;	1,S:-324	10,179.14	25.8-l	186.99	37.63	1,082.8.J	Ι4,438.46	Ι9,406.44
\:;;:-₊s		552.36	18,964.41	18.90	29.16	62.19	55.77	19,682.79	362.16
lk-. □-s s::s 7r.:!.:T.. ::□ff							(191.66)	(191.66)	
T ..,-. :'r-:-rr: t-::\DP		8,809.65	10,293.87			2.93		19,106.45	(19,106.45)
Balance as at 31 !I.larch 2017	1,052.78	11.235.25	39,437.42	44.74	216.15	102.75	946.95	53,036.04	662.15
_\! -\;r ZQ-	t.1_1:)275	11,23525	39,4r.42	44.74	216.15	102.75	946.95	53,036.04	662.15
_\:3±:. o:l5		10.56	15,Z1l'.59	30.64	18.37	13.76	165.33	15,526.25	4,965.49
Ds:'-: ls 2.5.:._-:s; :G'! .-: ff			;1.941.15)	(0.69)	(101.15)		(13.26)	(2,056.25)	
B2h1»i::e as at 31 !>larch 2018	1,052.i'S	11,245.81	52,783.86	74.69	133.37	116.51	1,099.02	66,506.04	5,627.64
Accomnbted depttc:i:ation									
_;r I -\.pJ -□16		60-H.61	6.606.10	17.99	155.-H	19.00	6.J3.20	8,050.29	
c:----.r .i.:		2.□-r-:-_-:-x	l,<>.'6.ll3	6J12	22.56	11.lll	137.66	2,150.06	
_-L._..; :: -.:t .:::X-□..:.,							(1-15.89)	(145.89'l	
Bmncc as at 31 brch 2317		896.39	8,29L13	24.01	177.97	30.01	634.97	10,054.46	
.\71_\pr:::i 3«r		8%39	8,291.13	24JJI	177.97	30.01	6.).J.97	10,054.46	
G:.ip:: fc.r !he e.::.r		9-6.1}9	11..369.41	15A2	26.31	19.62	123.82	Ι2,530.67	
\djurs fo C:-;5			(1,841.59)	(0.66)	(95.8.))		(10.40)	(1,948.48)	
Balance as at 31 l'tlarch 2018		1,812.48	l7,818.95	38.n	108.45	49.63	748.39	20,636.65	
Nrt book nlur as at 31 March 2018	1,052.78	9,373.33	34,964.91	35.92	24.92	66.88	350.63	45,869.38	5,627.64
Nrt book nlur as at 31!>larch 2017	1,052.78	10,338.86	31,146.29	20.73	38.18	72.74	311.98	42,981.57	662.15

(i) Contractual obligations

Refer in note 38 for di>tdn;urc nfcn:i-cacnr.;J ..::'HTlITlifr.crlr for ihc acws:irFm of J!HJj)t::rty: pknt :ind cqrnplrnent_

(n) C2piralised borrowing cost

The CL;r.1h"'-rior. rare u,;,,d ro dererrru..., :he <lmount of hormwing cosrs cli)!:ihle for capir.1lizaton 15 :\:ii (31\larch 2017- 11.29□o). Borrmt□ing Cost capit<llised during the year ended Nil (31 :\farch 2017- T R 3,347.14)

(lli The gross c:irrnng amrn.:!lt of Prope'f!", Plant and Equipment fully depreciated that 1s still in me 1s 161.fl-t (1 :\larch 2017 - £:\:R 1828.23)

(rr) Refer nntL 19 for inf..1nnarion on pmruty. pl:mt and equipment pledger) as security hy the Company.

(•") c,p:r.il "ork in prog:ess lT>U]□comp'15e.; cheese pbnt and .\utomatic milk collection unit at uft:l lucatiu . \s management is lUrrently focusing on already rolled out "\"alue Added Product" no impairment is expected. Production of cheese pl... as b... deferred fur a short penod of time. r\utornitlc :\!ilk Cullection l"nit \\"lll be cap1ttl1sed on completmn of project ":ith in y r itself.

Kwalit.y Limited
Notes to the Standalone Financial Statements for the year ended 31 March 2018
(All amount in INR lakhs, unless otherwise stated)

7 Intangible assets

	Copyright	Softwares	'Total
Gross carrying amount			
At 1 April 2016	100.00	77.94	177.94
Additions		16.88	16.88
Disposals/assets written off			
Balance as al 31 March 2017	100.00	94.82	194.82
At 1 April 2017	100.00	94.82	194.82
Additions		22.12	22.12
Disposals/assets written off			
Balance as at 31 March 2018	100.00	116.94	216.94
Accumulated amortisation			
At 1 April 2016		39.26	39.26
Charge for the year		21.34	21.34
Disposals/assets written off			
Balance as at 31 March 2017		60.60	60.60
At 1 April 2017		60.60	60.60
Charge for the year	20.03	5.27	25.30
Disposals/assets written off			
Balance as at 31 March 2018	20.03	65.87	85.90
Net book value as at 31 March 2018	79.97	51.07	131.04
Net book value as at 31 March 2017	100.00	34.22	134.22

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	As at 31 March 2018	As at 31 March 2017
Note - 8		
A. Investments in equity shares- non-current*		
Subsidiary- unquoted		
Kwality Dairy Products FZE, Dubai	1,902.75	1,902.75
12 Shares (31 March 2017: 12 shares) represents 100% of share capital		
	1,902.75	1,902.75
B.Mutual Fund**		
Quoted investments	15.66	
	15.66	
Total Investments	1,918.41	1,902.75

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

Aggregate book value of:		
Qoutetl iuvcsuueuts	15.66	
Unquoted investments	1,902.75	1,902.75
Aggregate Market Value of Quoted Investment:	15.66	

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

Particulars	Face Value (in !NR)	Number of units (in lakhs) As at 31 March 2018	Number of units (in lakhs) As at 31 March 2017	Amount As at 31 March 2018	Amount As at 31March 2017
1 1 Canara Robeco Capital Protection- Regular Growth Plan (Maturity Date : 16thJuly, 2020)	10	1.50		15.66	

	As at 31 March 2018	As at 31 March 2017
Note - 9		
A Loans - non current assets*		
(Unsecured, considered good)		
Security deposits"	79.29	68.89
	...79.29	68.89

t. "Deposits given to various government department/ utility department

B Loans - current assets*		
(Unsecured, considered good)		
Security dt"posits	25.86	1.72
J .oans to employees	22.50	24.95
	48.36	26.67

•'I'Jw:w arc carric.d ;11 amortised cost

	As at 31 March 2018	As at 31 March 2017
Note - 10		
11 A Other fimmcinl 11ssets - non-current		
Bank <kposirs with remaining maturity or m11n than 12 momhs'	139.77	264.15
	139.77	264.15

•All orth<' ahoVl' dcp11si1S haVl' ht•t11 pl<'dµ,ed with banks agaimr guanullt'l'S, lt'lll'l' ot' Cl'cdit and cash credit limit given by the banks and tinanci:J institutions.

1' 01her fi111111clnl nHHcts •current		
lnll'l'l'St l'l'COVl'l':tblt•	670.97	488.79
	670.97	488.79

	As at 31 Ma1d1 2018	As at 31 March 2017
Note - 11		
Deferred htx HitbHhicN (net)		
l>t•ll•nt•d rnx. a wl al'iHll).I, on:u:r111111 nf:		
1 1 l'mpt'l'Iy, plam and t•q11ip111tn1		723.94
Provision for doubtful debts	138.43	
l,l'I IViHil Ht Ii II' I :11111111'(' lJt'U' 1it 1 1 lt'l\S('	104.24	64.24
l\11rn1wi11g	120.73	34.49
l'mvi;ion ti1 1'dl'ii-1n d 1't'Vl'n111 (1:I'< :<;)	255.70	
1 1		
'l'111al dl'lil'nd lax a;st•111	619.10	822.67
l)rf1 •rf<'dliixli11hiliti1•KnriKi11g1111 llt't'ollnlnf:		
l'l'llpt•rly, plant 1111d '"l11ip111<111	(7!2.<l9)	
l! 'l'11111 dl'l<11,..l 111x lil1l>ilitit•"	(1209)	
Nrt dl'ftrred t11x (HithllldcN)/ itNMrtM	<9299)	s22 61

(I) llt•llrnll tux 11ri"i11p.1111 1111 tlu itr11111 111111 IH'1•11 n111p,i1ir\1•1I i11 1111• S111tl 1111 11t c111[1]n 1ti1 aiHI I/.•1'11 1•x1c•p1 1(11 111•forrl'll tax arisi11g<>11 m.:c<JLlflt tlf acruari:-11 gain/Qoss) on longterm employee iil'lll'lil, 11 purr 111"whirh ha11 l>rl'll nc11p,1111wd 111••lhl'r r1 •1111>rd1rn•il'< i11rn1111• 1111 111-r111111 of :w111111i.1I gain :111d IP;;1•;

(II) *Mm't'mt'lll 1111/t'ft'Ft't'tl 11111 (11<'l)*

r1	AHat 31M11rch 2017	Recognised in Statement of l'rufit und IAHH	Recognised in Equity	As at 31March 2018
l>t•f1•1ml tlto\ llMMl·IM/(ll11hllhy)				
l'r11p1•1"1y, pl11111 illlll1•q11ip1nr111	72.Wl	(1,.136.0.)		(/1:!.09)
ll l'ml'iMit1nli11t•111pl11yt•1•lll'1wti1t•xpt•llM'•	(,.1.2	27.95	12.05	104.24
l'mvi•i1111 li1r d1111lilli1I d1•lil•		138.43	-	138.43
l'mvi•i1111 ti11 dt•ltrn•d 1t•v11111t• (1-:I'I :<;)		255.70		255.70
Non•mirrent l111hllltln		86.24		120.73
I,ll'l'llWi11.	34..1'			
,M . \ !! \?J',)\' ; a:t()n::1::,_	8;22;:67	922.21		(92.99)

(All amount in INR lakhs, unless otherwise stated)

Note -12	As at 31 March 2018	As at 31 March 2017
A Other non-current assets		
Capital advance	2,218.34	24,228.23
Prepaid expenses	1.63	5.20
Advance to material/ service providers	11,658.90	2,934.01
	13,878.87	27,167.44
B Other current assets		
Advance to material/service proYiders	49,701.51	22,491.61
Prepaid expenses	126.07	66.79
Balances with statutory authorities	1,723.19	92.54
Amount paid under protest'	285.70	260.39
Other adYai1ces	7.01	12.45
	51,843.48	22,923.78

Deposited with revenue authorities. Refer note 38.

Notc -13	As at 31 March 2018	As at 31 March 2017
Inventories		
Raw materials	261.35	431.03
Work-in-progress	5,261.08	14,844.63
Finished goods (other than those acquired for trading)	12,738.55	15,017.10
Stock-in-trade (acquired for trading)		16.76
Stores and spars	474.86	240.30
Packing material	2,277.39	542.03
	21,013.23	31,091.85

\V'ritl'-downs of inventories to net realisable value amounted to !Nil 1,027.13 (31 !\.larch 2017 I'.':R 155.93) reCO!',flised as an expense during the year and included in 'changes in value of inventories of work-in-progress, stock-in-trade and finished goods' in Statrment of Profit and I.oss.

Note - 14	As at 31 March 2018	As at 31 March 2017
Trade receivables		
Unsecured		
Considered good	170,081.33	137,347.48
(:onsidered douhttlil	400.00	
Less: Provision for dnubtli.il debts (llctc1 note 42)	(400.00)	
	170,081.33	137,347.48

Notc - 15	As at 31 March 2018	As at 31 March 2017
C11Kh 11nd cuah cq11i1'11lcnla		
<:ash "' hand	72.24	172.13
llalm11:i'S with hanks:-		
ln Cllt'l'l'lll' account s	90.92	334.16
<:ill'l(lll'S in hand	6,071.32	7,522.00
	6,234.48	8,028.29

Notc - 16	As at 31 March 2018	As at 31 March 2017
Other bunk bulilnceH		
1lnrlainwd divid1•11d ai:rn11111s'	37.51	46.81
Bank dq"'sits		
With 1111t111l'il)'llH>l'l'than lhl'1'1'1110111hs hut 11pt11twl'iVl'11H>11tlrn"	1,815.69	585.57
	1,853.'.1U	632.38

' 1:11dai111t'd divid1 11d 111.-1>11111 1wl'tai11• t11 dividl'lld 11otdainlt'd liy 1°qllit)' •han•htoldn:< a11d lilt' Ct>mpa11r dt><'S n11t han anyright onthe said money.

• '.\11t>f tlw ah1>v1• d1•pmiltt ha1 1• 111't n pl1•dgnl with ba11ks :t)-',aimt)-',11a1"111111 1•, it'lllT'111"t:t't'di1 and cash credit limit given by the hanks and ti11111cial institutions.

(All amount in l:\:R lakhs, unless otherwise stated)

		AB at 31 March 2018		AB at 31 March 2017
Note -17				
Equity share capita I	Number	Amount	Number	Amount
Authorised				
Equity share capital of face value of I>!R 1 each	1,000,000,000	10,00CWO	1,000,000,000	10,000 00
		10,000.00		10,000.00
ii Issued, subscnbed and fully paid up				
Equity share capit;d of face value ofl>!R 1 each	241,354,382	2,413.54	237.355.554	2,373.56
		2,413.54		2,373.56

iii Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	AB at 31 March 2018		As at 31 March 2017	
Equity shares	Number	Amount	Number	Amount
Balance at the beginning of the year	237,355,554	2,373-56	223,911,822	2,239.12
Add: Issued during the year	3,998,828	39.98	13,443,732	134.44
Balance at the end of the year	241,354,382	2,413.54	237,355,554	2,373.56

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 1per share. Each shareholder is eligible for one vote per share held.
- The Company declares and pays clividend in Indian rupees.
- In the e\enr of liquidation of the Companr, the equity share holde1-s 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'Y., share capital

	As at 31 March 2018		As at 31 March 2017	
Name of the equity shareholder	Number		Number	
Sanjay Dhingrn •	132,154,714	54.76	152,154,714	64.10
l'ashupati Dairies Private Limited			14,441,693	6.08

• Refer note nu. 19 on details of shat'<' pledged by Mr. Sanjay Dhingrn, 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:
-Tlw Company has not issued any shan•s pursuant to contract(s) \vithout payment bcin n•ccivcd in cash.
-No bonus issues have been done in fH'<..•ccding fi\c year:\.
The Compal!)' has 1101 undet'l':tken :tll)'huyhack ofshares.

vii Shares reserved for issue under options
l'or details orshares 1tS1•t'l'l'd rot'issul' u11dct 1'11c Employee Stock Optio11 1'l:111 (!-:SOl') of the Compa1 1y, refer 11otc
H. l'or details or Compulsory comt•rrihlt• dt•ht•11111rl'/ Warnuns of l'iw company, 1'1frr nott• 18

	As at 31 March 2018		AB at 31 March 2017	
Note - 18 Other equity	Number	Amount	Number	Amount
A Reserve 1md surplus				
Money received 11g11nstsh11re wnmmls				
(lp111ing lrnl:11w"		62'1	10,362,694	1,,:;o
i\ml>1111t l'l'Cl'iwd a>,:ti11st Warrn11ts		1,875		3,750
\X';1na11IK iKrn.d dlll'iugtlt' year			1	625
(:onvl'l'tihlt• warra11tsrollV<'l'lt'd i1110<'t)llity shar<sd11rinp, tlw)'<':ti'	-	(2,500)	(10,362,694)	(5!0:;0,0,)
Closln11 b11Lmce			1	625

Mo1ll'y l'l't:l'ived ap,:ti11st (:011vtl'fii>lt• Warrn11ts 1't'pl'lsc11ts :tlllt>11111 l'l'Cl'il'<'d towards (:011vtl'fihh Warrn11s which c11ith s tlw warrant holder, the option to apply for the quity shares of the fon ,-alut• of IR I t•ad1. Till (:omp:utr 111t prl'li•1't•11tial [i;rnis has alloll<'1l tlll' li>llowi11p, (:011\'1'1'fii>I< Wat1'a11ts i11 accordance with the provisions of SEBI (Issue of Capital and Disclosure l(l'<[llin mt•nts) ll<•p,11lations, 200) (SI:lll [(:DH Hp,11l:11ions, 200J).

	No. of convertible \V.lm•n•s	Consideration (Amount)	Amount received as % of issue price	Date of allotment of warrants/ shares
Conv1•r1lhll• w11rn1111• oul•lluuUng 111 lhr lAprll 2016	10,362,6l1 l	1,250	25'/o	
Add: I11s11t•dd11ri11p, iht•yl':tl'	1	625	25/o	22 August 2016
l\dcl: '"""iv<•cl chlri11p, t ill' v1ar ap,a11st opt11i11p,		\750	75%	7 April 2016 & 8April 2016
l.err111:(:111vc•r1t•d 111c•11tli1y K11u1't'tl tli1ri1iy, tlu y<'al'	(10,362,691)	(5,l300)	100l'/o	9 April 2016
Conve1tlbfow11rn1UIN oulMl1111dlng "" 111.11M11rd1 2017		625		
Conv1•r1lhll• w11rnml• ml1•lumllng 111 1111• 1 Aprll 2017		62	25%	
Add: lri•t1td d111i11f'. tilll yl111'				
Add: f'l'l'l'iVl'd chlri11p, 1111 vl•;11 :tp,11115"1 111w1lilt p,		1,875	7511.	16/02/2018
l.e11K:(:111v1l'lrd111c•q11ity nhtln'lid1ln11p,1111'·1•;11	II)	(2,500)	100%	19/02/2018
CnnVl'rllhl w11rn111IH mllHlnndlng IIN 111.11M11rl'11 :?AllH				

Convertible warrants converted during the year

N1111e of 111lourn1	31M11rch 201!1	31 March 2017	
l.Sidh11111<111p111		5,181,3-17	9 April 2016
2, Sidl111111 !\11cl S111111 I1ll11		5,181,3-17	9 April 2016
Ill<'dllll't,(:11ll•111111111111<:1111p1111•1.111itl cl			19/02/2018
Tomi		10,362694	

111lht•pn•vi111ri \'1•111 1111 11il11lt'l'll 111 Sr,1111.l,1, t•x1•1TiMcl llll'ir rip,hr lol'l>llVl'l'f 1h1 C:1111vl'f'tihll' \X'urrnms i11111 t'<[llity tthai'l•s atier paying the balance amount and accordingly 51,81,347 l•q11111 ;h111'1•n t•,u:h ll'l'l'l' rnn11l'd II> Mr :0:1111111111 <il1p1a 1111d S1dlm111 and S11m11l11'l11r 11111p,11,l't'l',llf t• t:o1rnidll':tlion 11f INll 2,500 t•ach.
IJ11rn111, lht•)'<ill till' 11llo11t•t•11 111 Sr,111o..l1•x1•1t'lri1'd 111111 lip,ltl 111=llI\'1'1'1 till C:1111Vl'1t1i>l1• "'11n1111lri into <<Jllil)' sha""' ofter paying the balance amount and accordingly 21,69,762 equity tth111ttIVl'll'1tt<111•c11111\•11111'11,(11[1•1111111111111('11111p1ltl\I.11111tl'cllot111111'.f.ll'p,llfl'11111Mdt•111t101111INll2!;00

Utilisation of proceeds of Convertible Warrants converted. The balance amount of INR 1875 received during the year against Convertible Warrants has been utilised towards advertisement in print & non print media

KWALITY LIMITED NEW DELHI

Kwality Limited
Notes to the Standalone Financial Statements for the year ended 31 March 2018
(All amount in INR lakh<, unless otherwise stated)

	As at 31 March 2018	As at 31March 2017
B Securities premium reserve		
Opening balance	17,995.47	9,792.75
Ad<litiu11 duri11g Lite yeat	4,520.92	8,202.72
Closing balance	22,516.39	17,995.47
C Employee's stock option reserve		
Opening balance	446.72	916.67
Expense for the year	1,622.52	384.58
Cancelled during the year	(23.14)	
Exercise during the year	(427.59)	(854.53)
Closing balance	1,618.51	446.72
D Retained earnings		
Opening balance	78,235.91	62,090.00
Transferred/adjustment during the year	7,111.10	16,430.06
Add: Employee stock option plan reserve	23.14	
Ler.: Dividend paid	(237,96)	(236 09)
Less: Tax on dividend paid	(48.44)	(48.06)
Less: Debenture redemption reserve	(1,323.25)	
Closing balance	83,760.50	78,235.91
E Share application money pending allotment		
Opening balance	160.93	
Add: Received during the year		160.93
Less: Share allotment	(160.93)	—
Closing balance		160.93
F Other comprehensive income		
Opening balance	15.34	16.91
'I'ransferred/adjustment	(22.76)	(1.57)
Closing balance	(7.42)	15.34
G Debenture redemption reserve		
Opening balance		
Add: Amount transforrcd from Statement of Profit and Loss from retained ea ming	1,323.26	
Less: Transferred to reserve		
Closing balance	1,323.26	
	109,211.24	97,479.37

(i) Nature and purpose of other reserves

Sec11ritie. premium rcsen'r:
Sccul'itics premium reserve is ust d 10 recu1 dtlw premium on issu<' of shares, The n•st•1vt is utilised in accordanc< with provisions of the Companies Act, 2013.

Simre "f1f1lic11tio11 moneypc11di11g 11/lotmcnt
Sh:ll't• applicati1>11 mont•)'pending allotnwm l'<'pl'csents •1111011111, n ccin•d from cmployt•cs 1i11'iss11t' nf shares untkr employee stock option plan.

Otlwr co11prc/1e11.9ivc i11come
I\cnu as111 t•mt•nts gains/lnsst•s on post t•mploy11t nt ll('ndit; am record<"d in *dw* ot lwr c1>1npn•ht•nsivc incomc,

Employee '11stock opti011 scn•c
Till' n•S< 1 v1 is 1rn1 d to n co11.11is1' tlw gntnl datt• fair valut• of till• op1ion; issut d to t•mplnyt•t•s nndt•r Company's employee stock option plan.

Debe1Jt11rc Rt dcmpti<m Rc11cn•c
Tlw reS<•1v1• is crna11 d0111 ol prnhrs 1111'l'hc purpo;e ol n•dt•mpnon ot dl'i1c1Hun as pt•1' ""Jllll't•mcnt under Company /let' 2013.

	As at 31 March 201!!	As at 31 March 2017
Note 19		
A llorrowlngH 11011-mtrn•nt		
St•c111rd /o,,t1N1		
Debentu H		
'.\Jo11 1'1111\'l'l'lihlt• dl'lll'llilll'l'K'	9,768.38	9,674.96
L1 s;: <11rr1'11t ma1111 i1i1 ;01'101w.11 rm hol'l'11winy,H	(2,687.14)	(461.59)
Vehicle lo"'''		
Jin1m ll:111kn	262.22	228.91
l.1•;;:(:111'l'Ctll111:1tlll'ili1 ; 11i1o11p,ltl'llll1111'1'011'inµ,11	(90.59)	(84.09)
Ji'Olll 11lhl'I'K	12.42	26.37
l.l'KK:<111'l'1•nl 1111t11ri111 ; 11il1111p,l1 rn1l11rnlwinµ,K	(12.42)	(13.95)
Exten1"l t ommerd"I bom1wl1111M		
l",Kll'l'llll 1111tllll'rti1tl11111'11Wi11p,11	8,622.45	1,043.07
l.c HK: <11rn 111 1111111rili< n 11t'1111gtrn11u1rrc1wi11p_1'	(1,353.94)	(899.02)
Tenn Lol111		
Jo'n1m oilll'ro	19,530.72	19,341.49
I,l'HH:(111T1•11c1111111ritirfi11flc11tp,lc l'111lu11'1'11wi11p,tt	(5,372.01)	(920.77)
f/11Nt't'11trd lm111N:		
'l'nn lmutN		
1'n11n 111nl;•	3,907.68	2,751.38
l.t'KlO: <111Tflf llhlill'dll•• 11i l1111p, f1•1111 h1111 11w11p.•	(2,099.04)	(730.84)
l't111n 111lwr•	22,873.86	14,811.16
l.c"": <anl'1lt 1n1111ritlc1fi 11f 111111-'. ll•1'11i l11n11wilt>',rt	(6,812.61)	(4,045.60)
Dl'hrnturH		
<:111np11l•uril1 l'llllVl'rtihli• d1°lll'11t11 r•"	1,319.13	
	46,549.98	49,999.61

'A:> per Companieo (Share Capital and Debenture•) Ruic,, 2014, ewry company reqllired to create nebenture Redemption Re<erve shall on or before the 30th day of pril in each yeor, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of its debenrures maturing during the year ending on the 31st day of -"larch of the next year. Accordingly, the Company was required to invest IR 416.25 lakhs as at 30 April 2018 out of which INR 83.25 lakhs already invested by the Company before 30 A.pril 2017. nie l,ompany plans to place a fixed deposit fut uala1 1ce same i1 1 11ea1 shmt term.

-'The Comp;my had allotted 1 (one) compulsory conYertible debenture of l:'-.R 1,400 lakhs to HT Media Limited during the F.Y. 2016-17 which has been conYerted into 12,15,066 no. of equity shares at INR 115.22 per share as on 19 February 2018. The equity shares allotted and pre shareholding are under the 'lock in' for one year and six months respectively from the date of receipt of trading approval from the stock exchanges.

	As at 31 March 2018	As at 31 March 2017
B Borrowings - current		
Secured Joans		
Working Capital Facilities (Cash credit)	101,404.64	92,959.95
Letter of credit due to banks	992.76	734.35
Unsecured Joa1 1s		
Term Loan from Others	2,500.00	
	104,897.40	93,694.30

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GURUGRAM

KWALITY LIMITED NEW DELHI

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Kwality Limited
Notes to the St:md2Jone Firumcial Sutements for the year ended 31 larch 2018
L\Ii 2m0imt in IR hns, unb-s othcrwi.-e sored;

.\nne:run: ro .._.ore J

(in l:tkhs)

Particubrs	Amount Outstanding	31 March 2017	Terms of repayment	Security
Non- Current Bnnn.rin°"'				
Secured Loans				
Non Cmn-eml>le Debenrures- KKR bdia hnancial *Serrias* Prinreiimi	9,"768.38	9,674.96	!Repayable in 18 equal quarterly installments starting from 5 April 2018	First pari - passu charge on new project asset of the Comp:iny. Further secured by way of eqmtable mortgage on the immornble property in the name of JTPL Private Limited, enterprise on which key m:magerial person h:n-e significant influence and pledge of shares of Kwality Limited owned by Mr. San:ay Dhingra, Managing Director of the Company and exclusive charge by way of hypothecation of the pecificd accounts. These debentures arc also secured by personal guamntee of)\fr. Sanjay Dhingrn, Managing Director of the Company. Present coupon rate of debentures varies from 12.50%p.a. to 19.20° o p.a. Currently, IL&FS is the security trustee of Debentures.
Y-ebide Loans				
From. Banks			Monthly equated installments	Vehicle loans from bank & others are secured by hypothecr.tion of Vehicles. Rate of Interest Yaries between 7.8° u to 11.51°'u. Period of maturity for loans varies between 3 yt-ar to 5 year and number of repayment installments is ranging between 36 to 60 months.
-HDrC R:i:tk.	2-1-3.85	212..78		
-iOO Bank	16.6□	12.-1-5		
-ihnk of India	1.69	3.68		
From Others - Yolh-w□agen Finance Pm-ate Limited	12.-1-2	26.37		
External commercial borrowings- Cnion Bank of India (U<) Ltd.	8,622.-1-5	9,0-1-3.07	Repayable in 12 half yearly installments which has already started from 30 September 2017	E-..:temal Commercial Borrowings (ECB) taken from L'nion Bank of India (U.K) Limited amounting to USD 14 million (31 March 2018 INR 8,622.45 lakhs). The loan is secured by way of entire project assets including project land of the Company and personal guarantee of Mr Sanjay Dhingra, Managing Director of the Companr. Till the creation of the charge, the Company has provided additional security it: 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.
Tenn Loan from others				
- KKR India Financial Sen-ices PriYate Limited	19,530.72	19,3-1-1.-1-9	R epayable in 18 equal quarterly instl.llments of INR starting from 5 April 2018	loan is secured by way of first pari - passu charge on new project assets of the Company. It is furtl1er secured by equitable morti;age on tl1e immov?.ble property in the name ofJTPL PriYate Limited, enterprise on which key managerial person have significant influence and pledge of shares of Kwality Limited owned by Mr. Sanjay Dhingra, Ifanaging Director of the Company and exclusive charge by way of hypothecation of the specified accounts. This loan is also st:cured by personal guarantee of Mr. Sanjay Dhingra, Mana1:ring Director o[tl1e Company Present rate of loan varies

from 12.50%p.a. to 19.20% p.a.

GURUGRAM

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(in kkhs)

Particulars	Amount Outstanding 31March 2018	31March 2017	Terms of repayment	Security
Unsecured Loans				
Term Loan &om bank				
-K:l!'-11"Y:y-Bank	:,01+.r	2,751.38	Repayable in 16 equal quarterly installments which has already started from 16January, 2017	The loan is secured by way of Eguitable Morfb-age on land/ properties in the name of _JTIJL Private Limited, , enterprise on which key managerial person have significant influence situated at JTPL Cirv, Sector-115 I\-iohali (Punjab) The loan is further sccu-ed by personal guarantee of Mr.Sanjar Dhingra, I\fanaging Director of Company and corporate guarantee of JTPL Private Limitetl. Present rate of Interest on loan is 12%.
- \\ooriB=k.	1,893.21		epayable in 18 qual monthly Mr. mstallmcnts startmg from 3: 1v1arch 2018	The loan i secured by pledge of 3,653,850 equity shares of J(wality Limited held by Saniay Dhmgra and further secured by persor:al guarantee of Mr.Saniay Dhmgra, Managing Direc_tor of Company. Present rate of Tnterest on loan is 10.80%.
Term Loan fiom others				
- STCI Fmance J.Jrnfted	+,9869+		Repayable in 10 equal quarterly installmc!!lts starting from 3(April 2018 i.e. From the entl of nine months from the date of firg: disbursement	Loan is secured by pledge of egnity shares of Kwality Limited held in the name of M. Sanjay Dhingra. Further, it is further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee of Pashupati Dairies Private Limited, enterprise on which key managerial perS•)n have significant influence. Rate of interest on loan is 12%.
- Uahindra & :-.fahindra Financial Serrices Limited (.-\:;	1,192.99	1,6..Ll-.35	!Repayable in -1-8 equated m0'.1thly installments commencing at the end of first month from the first date of disbursement startin from 15June 21)16	Loan from Mahindra & l\fahindra Financial Sen-ices Limited is S•:cured by way of mortgage ufland and building at Sector 115, Mohali, Punjab owned by _rn)L Private Limited, enterprise on \\'hi h key managerial person have significant influence anti plt:dge of equity shares of Kwality Limited held in tl:e name of l\fr. Sanjay Dhingra. Further, it is secured by personal gtmrantcc of Mr. Sanjay :::::>hingra, Managing Director of the Company and corporate guarantee ofJTPL PriYate Limited. Rate of interest on loan i> 11.85%.
- Mahindra & :t-.1ahindra Financial Services Limited (B:	2,1-1-2.22		Repayable in -1-8 equated mCY.lthly installmei:ts commencing at the end of first month from the first date of disbursement starting from 15July 21}17	During tl1e year, Company has taken one more loan of INR 2,501) lak:1s from Mahindra & Mahindra Financial Services Limited which is secured by way of mortgage ofland ::nd building at Sector 115, Mohali, Punjab owned by JTIJL Private Limited, enterprise on which key managerial person have significant influence and pledge of et1uity shares of Kwality Limited heltl in the name of Mr. Sanjay Dhingra. Moreover it is further securetl by personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company an:! corporate guarantee of JTPL Pri\,ate Limited. Rate of interest on loan is 12.15%.
- TFCI Limited (A)	-1-,99+.02	7,-1-86.55	Repayable in 16 equal quarterly installme ts starting after a moratori1D11 of one year i.e. commencing from 15tl1 moi:th from the first date of disburmcnt.	Secured by way of equitable mortgage on the immovable propertv in the name of JTPL Printe J,imited, enterprise nn which key managerial person have significant influence situatctl at JTPL City, Sector-115 Mohali (Punjab), anti pledge of shares of Kwality Limited in the name of Mr. Sanjay Dhingra and further secured by personal gt1arantee of Mr.Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL PriYate Limited. The present rate of mtercst 0:1loan ts 11 75 % p a.

_\m1enire ro rire 19

(in lakhs)

P:articubrs	Amonnt Outstanding		Terms of repayment	Security
- IFCi:.Lio:iltcd rB)	-,1,951-ll-f		Repayable in 2-1 equal quarterly installments starting after a moratorium of one year i.e. commencing from 15th month from the first date of disbursement	During the current year, Company has taken :1 fresh loan of INR 5,000 lakhs (Sanction amount 10,000 lakhs) from TFCI Limited. Tl-is loan is secured by wy of ec1uitablc mortgage on the immovable: property in the name off!1JL Private Limited situated at JTPL City, Sector-115 Mohali (Punjab) and pledge of shares of Kwality Limited in the name "f 1\lr. Sanjay Dhingra and further secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL PriYate Limited. The present rate of interest on loan 1s 11.50% p.a.
- Hcrn Fcenrp Lmm:rl />:	1,7(µ_26	2,205.18		Loan from Hero Fincorp Limited is secured by way of equitable mortgage on immovable property in the name ofJTPL Private Limited, enterprise on which key managerial person have significant influence situated atTI1'L Ci:y, Sector-115 Mohali (Punjab) and personal guarantee of Mr. Sanjay Dhingra, Managing Director of the Company and corporate guarantee ofJTPL PriYatc Limited. Rate of interest on loan is 12.75% p.a.
- Hero Fcanp Um=i '.ff	-126.2R	551.69	Ionthlr EMI	
-\ditya Birla Fina.m: Lmited t.\1	i,3-12.56	1,-190.15	lY\-ithin 103 months which had already started from 9 March 2016	Loan from Aditp Birla Finance Limited is secured by way of eguitablc mortgage on land/ property in the name of.JT1JL PriYate Limited, enterprise on w:'1ich key managerial person ha,-e significant influence situated in Mohali (Punjab), and further secured by personal guarantee of Mr. Snjay Dhingra, fanaging Director of comp.any and cororate guarantee of JTPL I'nvatc Ltmtted. The rate of Interest on loan ts rnngmg from 12.:>lfl, 1 ·750 to 12
\dim Bii'a Fin.a:<1ce l...irr.i:ed 'B'	l,133-54	l, 463 25	Re rnble in 72 e ual monthh' pa_ . q mstallments whteh has already started from 1 September 2015	
Debentures				
- Compulsory Com-ernole Dtbentures		1,2-!K 13	IKithin 18 months from the allotment date	

<u>Current Borrowings</u>
Secured Loans

Particulars	Amou:it Outstandin 31 March 2018	31March 2017	Tenns of repayment	Security
Cash credit facilities- From multiple banks	101,40.f.64	92,959.95	!Payable on demand	Loans from banks towa;d,; c;1sh credit limits arc secured by way of :- a) First pari passu charge on the entire current assets of the company. b) First pari passu charge on entire mmable rnd immovable fixed assets including equita':Jlc mortgage of factory land and building of the company situated at Yillagc Softa ,Palwal (Harpna) and at Village Mumrejpur, Tehsil Dibai, District- Hulandsahar (LT.P). c) First pari passu charge on entire fixed assets of Pashupati Dairies Private Limited including Equit!tble mortgage of Land and Building situated at village Kumarhera, Saharanpur (UP). d) First pari pasu charge by way of equitable mortgage on immovable property in the name ofJTPL PriYate Limited situated atJTPL City, Sector-115 Mohali (Punjab). e) Corporate guarantee of Pashupati Dairies Private Limited. Personal guarantee of Mr. Sanjay Dhingra, \1.anaging Director of the Conyri'fi corporate guarantee of JT, Private Limited. Other Terms and Conditions a) NegatiYe lien for non disposal/ non transfer of 51 "ii of equity share hl--X Sanjay Dhingra
Ta.++ ••er of credit due to banks	992.76	734.35	As er LC terms & conditions	10% Cash margin for T.C n the form of Fixed Deposits.

Kw-ality limited

Notes to the St:mdalone Fm:mci21 Sutemems for the year ended 31 March 2018

[All 2tDOllnt in D-"R hlhs, unless othCN-ï.C stated;

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(in lakhs)

Particobrs	Amount Outstandin2 31 March 2018	31 March 2017	Terms of repayment	Security
Un.secured Loans				
Term Loan from 0€hers				
- Sicom Limited	2,Sii(I.("		Repayable on single installment on 364th day from the first date of disbursement i.e. 22 December 2017	The loan is secured by pledge of shares of Kwality Limited held by Mr. Sanjay Dhingra. This loan is also secured by unconditional, irrevocable personal guarantee of Mr. Sa:ljay Dhingra, Managing Director of the Company. Present rate of loan varies is 12.75' /u p.a.

Brcalrgp of tot2I bonowing:

IDng renn bormu-mg nte 19_'\j	-16,.H9.9F	+9,999.61
Current marurity oflong rerm borruwing ;on: 22B)	18,+2::	7,155.86
Short term bomnring \-'ote 19B	lfl- +,897_4(	93,69-1-.30
Total bonuwings	**169,875.13**	**150,849.77**

	As at 31 March 2018	As at 31 March 2017
Note - 20		
A Provisions - Non current		
l'r:ons10n for employee benc!1ts:		
Compensated absences	165.38	100.16
Gratuity	248.53	170.08
	413.91	270.24
B Provisions - current		
Prm□ision for employee benefits:		
C:nmpl'.'nsated absences	46.32	19.86
Gratuity	52.67	15.56
	-□□-98.99	35.42

	As at 31 March 2018	As at 31 March 2017
Nu!e - 21		
Trade payables		
Due to micro and small enterprises'	65.99	70.35
Due to others	12,963.25	9,045.58
	13,029.24	9,115.93

'Disdosui-c under the :\!icro, Small and :\!cdium Enterp11scs Devclonment Act, 2006 (":\ISl\fED Act, 2006") :

	Paniculars	31 March 2018	31 March 2017
i)	the nrincinal amount and the interest due thereon remaining unnaid to any sunnlier as at the end of each accountin<"' vear;	65.99	70.35
ii)	the amount of interest paid by the burer in terms of section 16, along with the of the payment made to the supplier beyond the appointed day during each accounting vear□	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 wa1□) but \\ithout adding the interest snecitied under this .\ct;	Nil	Nil
iv'	the amount of intcrc:-;t accrued and rrrnaininl! unnaid at the l'nd of each accountinl! vcar: and	Nil	Nil
v)	the amount of further: interest remaining due and parable even in the succeeding years, until such date when the interest dues as above are actuallr naid to the small enternrisc, for the numoS<□ of disallowancc as a deductible exnenditu1□c under: section 23.	Nil	Nil

The above 111fonnat1on regard111g :\11crn, Small and !lcd1um Ente1pnscs has been determmed to the extent such parties have been identified on the basis of information available "'1th the Company.

	As at 31 March 2018	As at 31 March 2017
Notc - 22		
A Other financial liabilities - Non current		
Derivative liahility on non convcrtihlt• ddie11tu1□c	350.72	1,027.56
	350.72	1,027.56
B Other finnncial liabilitics - current		
J•ahle to cmplort•es	7+1.98	553.51
(;urrent m;tlurities ••I" long tt□rn1 IH11'l'1>wing;	18,427.75	7,155.86
1nt<'l't□st arcnll'd on borrowing:-;	3,054.66	1,002.74
l'a		
Unpaid dividt•nd on t•quity sharl's	37.51	46.81
l'apihle ti>r capital p,oods	234.43	152.73
St•nirity dt•po;it□s rct:eived	545.93	608.74
	23,045.26	9,520.39

	As at 31 March 2018	As at 31 March 2017
Note - 2'		
A Other Non current linbllitlcs		
J}(-J(•1"1"1•d rrvrmr	482.02	
	482.02	
ll Other curn•nt lluhilltleH		
l'arai>l<□ to «tall1t1t<)' a11th1triti1•fl		
Adva1H't• from n1tHfl111t□ftt		
I>dl□nl□d ilu□1111u□ 1111 mr11pull1milr n111vc□rtilili□ tlt□ht□11111n□11		
I>t-l(□1Tc□d n□vc□11111□•	169.17	331.43
	+19.08	766.51
		146.58
	256.82	
	875.07	1,244.52

'Ikt(•rr1□d11•1□1□11111•1□1□pn•111•111IN!\7:\H.H|af! at :11 March'..!OIH, f',n111t'f"l•la1i11p, t1•d111yS:l\'l'd1>11i11>prn□tot"capital goods and spares under the EPCG scheme. L:nder such scheme, the <;,111111;111□ iH 1□11111111itlt•tl It 1c□s.1111rt 1m□crilu•cl 1i11u□ 11r1!11□ 1h11 □u;ivt•ll c111 i11111• 1rt c,r 1□apital y,111id cwc□r:1 SIH't□ilic•tl fH'l'ind c1ft□imr. In case such commitments al'c not met, the Company w••11ld(,,. n•1p1in•d t1t pa)' 1111□ d11ty !laVl'd nl<>ll)J, with i11t1•r1•;1 "'!hi'n□p,11l:11my :u11hmiti1•;,

	As at 31 March 2018	As at 31 March 2017
Notl' - A		
Cum•nt tux ll11hllltll'N (net)		
l lp1•11i11p,l•11la11l't"	9,782.18	8,589.18
\dd: <:11rrl'lll t11' paval>k ln1□rl11□	6,Wl:>t	6,631.98
v1•111 l.1□"": 1\L'\'l'11dj1111t1111□111		(1,531.38)
\dd: l11t1•l'1'Ki / t•;ufo□r y1□a1 1•1fel:t l>11 i111□111111□1ax	2,883.71	1,230.07
1.1□,11: 'l'ax1•11 paid 1hll'i11v.tlt')'Vill	(1,096.05)	(5,1-365)-
	l7,929.09	9,782.18

'l'111v11111t11 llt1 1111 n1111 t11\ i11111 <•1•i1t1111 v<ill' li)',llfl'll h,H 111•1•11 11 1l11;ill'd ll"1t111 payalih 111 ;ra111l<>ry :n11ho1'1tin (Nn1t 23) IN!1 l,687.7 1

KWALITY LIMITED
NEW DELHI

(All amount in INR lakhs, unless otherwise stated)

	For tht> yt>:ir ended 31March 2018	For the year ended 31 March 2017
Note - 25		
Revenue from operations		
Sale of products	671,5/8.43	613,066.15
Sale of services	828.84	2.27
Other operating income	80.37	58.13
	672,487.64	613,126.55

	For the year ended 31March 2018	For the year ended 31 March 2017
Note - 26		
Other income		
Interest income	80.60	205.49
Release of derivative liability	676.84	
Profit on sale/ discard of fixed assets (net)	9.85	16.95
Foreign exchange fluctuation (net)	254.(J:)	994.99
Excess provisions/liabilities written back	60.49	40.56
Securities forfeited	(0.60)	38.26
Claims recovered	42.27	15.77
Miscellaneous income	30.68	18.64
Finance income on compulsorily convertible debentures	146.79	
	1,300.95	1,330.66

	For the year ended 31March 2018	For the year ended 31March2017
Note - 27		
Cost of materials consumed		
{)pening stock	43Ul3	133.08
Add: Purchases	518,896.36	490,385.68
Less: Closing stock	(261.35)	(431.03)
Cost of materials consumed	519,066.04	490,087.73

	For the year ended 31March 2018	For the year ended 31March 2017
Note - 28		
Purchase of stock in trade		
Purchase of t raded goods	66,224.95	77,688.71
	66,224.95	77,688.71

	For the year ended 31March 2018	For the year ended 31March 2017
Note - 29		
Changt:s in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year:		
l •'inishcd goods	12,738.55	15,017.10
St< ick-itHradc		16.76
W1>l'k in-pn>gf'l'SS	5,2Cil.08	14,844.63
	17,999.63	29,878.49
I nventories at the beginning of the yellr:		
l•'inislwd g<H>ds	15,017.10	10,348.67
Ste >ck..i1Hrade	16.76	5.82
W1>l'k-ill [ll'l>gl't'HS	14,844.63	2,809.32
	29,878.49	13,163.81
(lnct'l'<lHc)/I knl'ilsc in inwntorit•s	11,878.86	(16,714.68)

	For the year ended 31 March 2018	For the year ended 31March 2017
Note - 30		
Employee benefits ex1,ense		
Halarits, wagl'H and ht ltlllH	3,963.99	3,183.74
(:0111rilrntion to pmvidl'tll fund and olht•t' fumlH	131.02	95.92
S1aff wdfu1 1!t•xpc•tlHl'H	76.60	121.19
Hhan• liaH1d paynwnl t•x1wnHt'	1,622.52	384.58
	5,794.13	3,785.43

(All amount in INR lakhs, unless otherwise stated)

	For the year ended 31March 2018	For the year ended 31March 2017
Note - 31		
Finance costs		
Interest expenses	19,788.50	16,775.08
Exchange difference on borrowing cost	30.73	
Other borrowings cost	1,499.07	215.19
	23,318.30	16,990.27

	For the year ended 31March2018	For the year ended 31March 2017
Note - 32		
A. Excise duty Paid		
Excise Juty	2.'.H	4.00
	2.31	4.00
B. Other expenses		
Consumption of packing materials	7,007.68	6,285.88
Consumption of stores and spare parts	374.48	308.55
Power and fuel	2,202.10	1,496.81
Processing charges of milk	1,246.95	830.15
Advertisement & sales promotion	1,677.24	1,971.38
Bank charges	163.31	164.64
Provision for doubtful debts	400.00	
Commission & brokerage	62.22	96.95
Communication expenses	75.31	81.96
DonationH and contributions	66.13	4.22
Export and import expenses	19.91	3.29
Insurance	73.13	56.82
J .egal and professional expenses	530.54	455.98
J ,oss on sale/discard of fixed assets	100.21	1.10
Miscellaneous expenses	579.30	369.67
Payments to auJitors (refer note (i) below)	39.70	11.50
Printing and stadom:ry	34.53	30.07
Rates anJ taxes	260.31	52.13
Renl	462.77	327.68
Repairs anJ maintenance - Building	101.97	53.60
Repairs anJ maintenance - Plant and machinery	355.63	326.31
'l'ranspor1a1□ion charges	3,777.87	2,683.90
V chicle running expemes	38.86	65.02
'!'ravelling anJ c:onvcyanc:,:	473.	
Derivative liability expense		700.63
C:orporall: sodal responsibilities cxpl:ndill&rc (refer note (ii) below)	412.90	359.81
	20,.536.61	17,073.79

	For the year ended 31March2018	For the year ended 31March 2017
(i) DetailH of payment to auditorH		
Payment to auditor (Excluding applicable taxeH to the extent credit not availed)		
In capacity aH 1mditor		
i\udil fee	16.00	8.63
l.imill:dr':vi,w	7.50	
Tax audit fl'l'	2.50	2.87
(;,>rp< 1rall' g< >Vl'rnanct• Cl'rlilicali< >n	1.00	
In other capacity		
()lht•r Hl'l"Vlcl'H (Cl'l"lilicalion ll'H)	12.70	
	39.70	11.50

\+ Previous yrnr amrn1111 rcpn:st•111 paymt□nl mmk- In crnlwhik a11di1nr

(ii) Corpornte Hocial reHpmlHibility expenHeH

(irnHH a1111>1111l rn uirnl In lw H wnl li llw com 1a11 durin lhc l'ar is INR 406.14 rcvious car INR 352.88).

Particular11		In cash	Yet to be aid in cash	Total
(:onHlr1u 1io11/acl111iHilin11 of any aHHt'l	31March 2018			
	31March 2017			
On purposes other than above	31March 2018	412.90	-	412.90
	31March 2017	359.81		359.81

	For the year ended 31 March 2018	For the year ended 31 March 2017
Note - 33		
Income tax		
Tax expense comprises of:		
Current tax *	6,372.62	6,602.36
Deferred tax charge	927.71	338.15
Income tax expense reported in the Statement of Profit or Loss	7,300.33	6,940.51

*Current tax also include tax for earlier years 13.38 (previous year- (29.62))

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 34.608% and the reported tax expense in profit or loss are as follows:

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate		
Accounting profit before tax from continuing operations	14,411.43	23,370.57
Accounting profit before income tax	14,411.43	23,370.57
At India's statutory income tax rate of .34.608°.'o (31 March 2017: 34.608'!'0)	4,987.51	8,088.09
Tax effect of amounts which arc not deductible (taxable) in calculating taxable income:		
Impact of depreciation of tax	1,397.10	(1,530.79)
Impact of earlier year tax	13.38	122.18
Impact of allowed/ disallowed expenses	1,158.04	160.36
Other items	(255.70)	100.67
Income tax expense	7,300.33	6,940.51

	For the year ended 31 March 2018	For the year ended 31 March 2017
Note - 34		
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Re-measurement gains/(losses) on defined benefit plans	(34.81)	(2.40)
Income tax effect	12.05	0.84
	(22.76)	(1.56)

Note - 35

Earnings per share (EPS)

The following rdlccts the income and share data used in the basic and diluted l\PS computations:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit attributable to equity holders (Basic/Dilutive)	7,111.10	16,430.06
Wdghtt d average number of el]Uity shares for basic EJ>S	239,375,578	235,738,711
l•:ffoct of dilution:		
Share options	468,057	978,296
Weighted avcrnge number of equity shares adjusted for the effect of dilution	239,843,635	236,717,007

(lor the purpoKt' of calculating the wcightt'd ;l\'<•rag1• 1111mlwr of shares, the weighted avcrage effect of changes in treasury share transactions during the year has also been omsidered. No other transaction i11volvi11g C.:l(Uity sharl's or potential l:l1uity shares is there between the reporting date and the date of authorisation of these financial Htatcml'llts.

Eurnings per equity Hl11m1 (INlt)		
(1) BaHic	2.97	6.97
(2) ⊳ih1tt•d	2.96	6.94

KWALITY LIMITED
NEW DELHI

(All amount in INR lakhs, unless otherwise stated)

Note - 36

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.

Io order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio.

Particulars	31 March 2018	31 March 2017
Long term debt (excluding current maturities) (A)	46,549.98	49,999.61
Total equity (B)	111,624.78	99,852.93
Long term debt to equity ratio (A/B)	41.70%	50.01%

(i) Loan covenants

Under the terms of the major borrowing facilities, the group is required to comply with following financial covenants:

- the gearing ratio must be not more than 50% and
- the ratio of net finance cost to EBITDA coverage must be not less than 2 times considering Company capitalisation phase.

The Company has complied with these covenants throughout the reporting period. As at 31 March 18 the ratio of net finance cost to EBITDA was 2.16 (31 March 17-2.50)

(b) Particulars	31 March 2018	31 March 2017
(i) Dividends recognised during the reporting period		
Final dividend for the year ended of INR 0.10 (31 March 2017 - INR 0.10) per fully paid share	237.96	236.09
Dividend distribution tax on above	48.44	48.06
(ii) Dividends not recognised at the end of the reporting period		
The directors have recommended the payment of a final divi<lend of 1NR 0.10 (31 March 2017 INR 0.10) per fully paid cyuity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	241.35	237.96
Dividend distribution tax on above	49.13	48.44

Note - 37

Related party transactions

Relationships	Name of the party
Subsidiary Company	Kwality Dairy Products FZE
Key manahit:rial pcnoonnel (KM!')	Rat.tan Sag.u Kha11na - Clminmm
	Sanjay DhinH'fn Mannl>i.og Director
	Manjit Dahiya - Whole Time Director
	Sidhant c;upta - Non Executive Director
	Kuldccp Sharma - Whole Time Director (w.c.f. 25th October, 2017)
	S.K. Bhalla - Whole Time Director (resigned w.c.f. 25 October 2017)
	i\nkitn Mchrotrn - Independent Women Director
	Salish Kumnr Clupta - Chief Finnnr.ial ()ffir1'r
	Pradcep Kumar Srivnst:wa - Compnny Secretary
Jt:nterprisl$ on which key 111:u1ahcrial pernon have significant influcm'.c	J'l'PL Private Limited
	Pashupnli Dairies Private Limited
	Kwality Dairy Investments Private Limited
	Sahayogi Sanchaalan Private Limited
	Sahy<>gi l•'<>undati<m
Relative of Key Managerial Person	Ved l'arkash (;upta (1'ather of Sidhant Guptn)
	Sonika G upta (Wife of Sidhant Gupta)
	Sidha:111and Sons(1IUI•)

KWALITY LIMITED NEW DELHI

(All amount in INR lakhs, unless otherwise stated)

II Disclosures in respect of material transactions with re ated parties durmg the year

Relat<l Party	Nature of Transactions	31 March 2018	31 March 2017
Kwality Dairy Products FZE	-Corporate Guarantee Given		
	- Repayment of advance		14.43
Pashupati Dairies Printe Limited	-Rent Paid	60.00	60.00
	-Royalty Paid	10.55	10.35
	-Reimbursement of expenses	98.58	-
	-Dividend Paid	11.03	15.54
	-Collateral Security/guarantee Taken	1,000.00	
JTPL Private Limited	-Collateral Security/guarantee Taken	13,500.00	142,643.00
Sanjay Dhingra	-Guarantee for Long Term Loans	22,280.38	33,725.79
	-Managerial Remuneration (Short term)	130.20	130.20
	-Dividend Paid	152.15	152.15
	-Shares Pledge/ release for Loan	51,945.44	66,409.94
	-Post employee benefits	38.98	
Sidhant Gupta	-Dividend Paid	2.77	5.18
	-Allotment of equity shares		2,500.00
	-Meeting Fee	0.60	0.80
Sidhant and sons HUF	-Allotment of equity shares		2,500.00
	-Dividend Paid	0.78	5.18
Sonika Gupta	-Dividend Paid	0.47	5.18
Rattan Sagar Khanna	-Meeting Fee	0.50	0.80
Arun Srivastava	-Meeting Fee	-	0.20
Ankita Mehrotra	-Meeting Fee	0.60	0.70
Ashok Kumar Gupta	-Meeting Fee		0.30
S.K. Bhalla	-Managerial Remuneration (Short term)	13.81	40.00
	-ESOP (Net of difference of FMV)	34.50	
Manjit Dahiya	-Managerial Remuneration (Short term)	44.00	21.17
	-Post employee benefits	26.13	-
	-ESOP (Net of difference of FMV)	-	32.84
Sunit Shangle	-Remuneration	-	8.32
Satish Kumar Gupta	-Remuneration (Short term)	24.53	17.36
	-Post employee benefits	0.57	0.84
	-ESOP (Net of difference of FMV)	7.20	
Pradeep Kumar Srivastava	-Remuneration (Short term)	12.31	12.32
	-Post employee benefits	0.84	0.96
	-ES<>P (Net of difference of FMV)		12.19
Ved Pmkash (;upta	-Dividt:nd Paid	-	5.83
Kuldeep Shaima	-Remuneration (Short term)	6.27	-
	-Post t:mployt:t: benefits	0.31	-

Ill Balances with related parties

Related Party	Nature of Transactions	31 March 2018	31 March 2017
Kwali1y Dai1y Pwum:ls l•'".1.1•:	Investment in Subsidiary Corporalt: Cl uaranlet• (;iven	1,902.75 20488.89 (31.5 million lJSD)	1,902.75 20424.16 (31.5 million USO)
Pa hupali I)airi" Privall" I .imitud	/\mount P11y11hlc in l"CHpcct of ;cn□iccM /lknt	lJ.73	25.00
	Amount Payable in Respect of Royalty	2.43	8.61
	Amount Payable in Respect of expenses	8.10	
	c l uarant(T taken for l"inancial I .imits	113,643.00	112,643.00
l'l'PI . Privall' J .imitcd	c :ollatcral Sccuril y/gu;1ranln□ lakn1	179,143.00	165,643.00
Sanjay 1)hin/!,rn	c ;uarnnt n□ taken for I ,ong 'l't,rm I .oans	74,900.00	53,000.00
	c ;1 1ara1 1ltT taken for 1"inancial l.imit□s	113,643.00	112,643.00
	(:1 1ara1 1tce taken frn□ l•:C:ll	9,106.17	9,725.79
	Sharl's l'ledgl' for Loan	73,463.43	104,773.44
	l'ayahlc to employee	19.79	6.52
	l•:mploy"" hrnl'lil proviH11111	38.98	
Satrcndl□r l.,'.11111:11□ Bhalla	l'avahl,□ to rmployc"		2.49
K uldt•t•p Sharma	l'avalilc le 1 rm pie l\'(T	1.08	
	Employee benefit provision	0.31	
SaliHh l'11mar (i11pta	Payahlt' to employ' "	1.85	0.03
	Employee benefit provision	1.41	0.84
Maniit I >haiya	Payahk 10 l'lllple1y,•t•	2.75	1.50
	l•:mple1\'l't' hml'fit pn1\'lHie111	26.13	
Prndl't'P Kumar Sr□iv1111tav11	1';1yahl,• lo l'lllploy('t'	1.35	1.69
	l•:mplei\'t't' ht•rll'lit prc1viHie111	1.79	0.96
1\nkila Ml'11rnt rn	l'ayahlc le 1 ('lllplc 1\'""	0.38	
Sidhanl (i11p1a	l'avahlc le 1 rmpie 1\'C"	1.73	1.65
ll11tt1111 :-lnnr Khanna	l'ayahk□ lo l'lllplo\'tT	0.46	0.27
Ar1111 Hi'i\'1111111v11	l'ayabl,□ t11 ,□111plc1vn□	0.09	

''crnu1 llnd COlll|llOllN

'l'1□1111M11c1irn1H r□datin 10 divid,•nd . MUh"l'ripti11n11 fot"lll'W "q1111y 11h.1H'H wt□n□ 011 the Hamc terms and conditions that apply to other sharcn .s.

Note - 38

Summary of contingent liabilities and commitments *(to the extent notprovided fer)*

Particulars	31March 2018	31March 2017
Contient liabilities		
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. A liability of Cess principal amounting INR 421.84 lakhs from which a sum of INR 212.96 lakhs (previous year INR 187.65 lakhs) deposited uuuer prulesl auu a sum uf INR 3293.15 lakhs un acwunt uf interest liability raised hy Semen Rank offir.er, of Haryam1 T .ivestor.k Oevfiopment Ro<trd for which the matter is already before Hon'ble Supreme Court.	3,714.99	2,761.82
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
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 Compnay had preferred and appeal against the order before flSSAI Appellate Authority, Meerut and the Appellate Court had stayed the impugned order subject to deposit of 50<Yo of the penalty amount.	4.00	-
5. The said case pertains to FSSAI penalty case by ADM Surajpur Court , Before, /\SDM, Surajpur, Gautam Budh Nagar (U.P)	2.00	-
6. DEPB Credit matter in CESTAT, Mumbai Nava Shavah	69.44	69.44
7. Contingent liabilities on account of sales tax matters	488.67	72.74
8. Contingent Liability for Bank Guarantee	441.37	587.44
9. Contingent Liability under EPCG License (Refer note 23)	-	647.24
10. Corporate Ciuarantcc given on behalf of wholly owned subsidiary for loan taken hy subsidiary (Being one of the condition from lender bank hence no separate benefit drawn hence fair value is estimated as nil)	20,488.89	20,424.16
11. Other Income tax matters refer note no.48	-	-
Commitments		
1. I•:stimatcd amount of Contracts remaining to be executed on capital account and not provided for	.UL.	2,38.28

Note - 39

Operating leases - lessee

The Company has taken various premises on operating leases and lease rent of INR 462.77 (31 March 2017: INR 327.68) in respect of the same has been chargc<l to Statement of Profit and Loss for the year cndc<l 31 March 2018. The underlying agreements arc executed for a period generally ranging from three t:o five years, renewable on mutual consent and arc cancellablc in some cases, by either party I>i.ving notice generally of 30 to 90 days. There are no rc:HrictionHimpoHcdbyHuchlcaHcHan<lt:hcrcarcnoHublcitHCM.Thefutureminimumbtscrentalspayableinrespectofsuchnpfrn1i11gl1<1sesan;a\1111.kr:

Particulars	31 March 2018	31 March 2017
Within one year	273.87	188.29
Later than ont year hut not later than five years	410.13	529.56
I.atcr than five years	179.21	786.86

Note - 40

Gr11tuity 11nd compens11ted 11hsences

Cm11pt•11s11tt•tl 11b11cm:cs

Amount fCCOl[nlSelI in the Statement of Profit and Loss 1s as under:

P1uticul11rs	31 March 2018	31 March 2017
C:urrcnt service cost	59.50	41.09
lntncsl cost	9.00	6.15
i\ctuarial (gain)/loHH, llCI on account or:		
.(:hangeHi11linandalassumptions	20.56	4.23
< :han.LWH i11 lx1wril'llCl' adiust nwnt	6.28	(11.28)
Cost recoJ{nized durin.c the year	95.34	40.19

Movement in the lhahilit reco nized in the b11l11nce sheet is as under:

Particulars	31 March 2018	31 March 2017
Present vahll' or dl'li1wd hl ndit oliliga1io11 at the beginning or the year	120.03	81.97
!:urn nt st rvin n1st	59.50	41.09
lntl nHt COHt	9.00	6.15
/\rtuarial (Hain)/loss, 1wt	26.83	(7.05)
lkndits mid	(3.65)	(2.13)
PreNent v11lue of defined benefit ohlig11tion 11t the end of the year	211.71	120.03
<:lll'rt'lll	46.32	19.87
Non Clll'l"t!nl	165.38	100.16

(All amount in INR lakhs, unless otherwise stated)

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

Particulars	31 March 2018	31 March 2017
Discount rate	7.50%	7.50°/o
Salary escalation rate	7.00%	5.00%
Withdrawal rate 18 to 58 years	16.00%	2.00%.
Mortality table	Indian Assured Lives Mortality (2006 -08)	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 arc based on management's historical experience.

Sensitivitv analysis for compensated absences liabil !Y...

Particulars	31 March 2018	31 March 2017
Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 o;,,	202.37	108.10
Impact due to decrease of 1 ".□;,	221.94	134.48
Impact of the change in withdrawal rate		
Present value of oblit;ation at the end of the year		
Impact due to increase of 1 °•;,	211.93	123.60
Impact due to decrease of 1 °•;,	211.46	115.90
Impact of the change in salary increase		
Present value of oblit;ation at the end of the year		
Impact due to increase of 1 ".\,	221.89	134.71
Impact due to decrease of 1 "•<,	202.24	107.74

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 arc 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 recognised in the Statement of profit and Loss is as under:

Particulars	31 March 2018	31 March 2017
Current service cost	66.96	54.81
Intel□est cost	13.92	9.02
Actuarial (J.;ain)/loss, net on account: of:		
-(:hanges in financial assumptions	37.95	7.13
-Changes in experience adjustment	(3.15)	(4.73)
Cost recognized during the year	115.68	66.23

Movement 111 t 1c lla1i Titv rccugmze d 111 t ic balancc s 1cct is as under:

Particulars	31 March 2018	31 March 2017
Present value < 11' delinnl lwndit obligation al the hc nning of the year	185.62	120.2'1
C:11rrPnt s1□1□vic:e ens!	66.96	54.81
Pas! service cost	9.85	
lnlcn□st cost	13.92	9.02
Actuarial (w1in)/loss, net	34.81	2.40
llcnclils paid	(9.96)	(0.85)
Present value of defined benefit ohlig"tion at the end of tlu year	301.20	185.62
-< :ut't'c111	52.67	15.55
-Non-CUl'l'Clll	248.53	170.07

or ıctcrm11111tao11 of (lc llılı1 ııv of t lc Compuny, t 1c ollowmic 11(:tu11r111 assumptions were uscd:

P11rtic11l11rs	31 March 2018	31 March 2017
l>iHc<111nt rail'	7.50",\,	7.50%
Salat'y cHcalalion ml<'	7.00'Y.,	5.00%
Mot'lality 1:1hl<'	Indian Allsured Lives Mortality (2006 -08)	Indian Assure<.! Lives Mortality (2006 -08)

'l'ht•Ht' 11111n1111plio11H wrn□ d1□H□lo1wd hy managt•mrnt wit h the ilHHiHlanct• of indcpcndt□111 act uarial aprm1iHern. l>iHcount factors arc determined close to each yl□ar-1□111I hy n□frn□1w1□ lo 11.ov1□m11w111 h111ulH of 1□1□11□va111 1□1□011rn11i1□ ma1□1□1H and 1lrn1 haw 11□rmN tn maturity approximating to tho tormo of the related ohlip.a1io11.<>1lw11IHH1111p1i1111H11n□h11Hnl011111:11mp.1□1111•111'HhiHtorical1•sp1□ril□ncc»

KWALITY LIMITED
NEW DELHI

(All amount in INR lakhs, unless otherwise stated)

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Sensitivity analysis for compensated absences liability

Particular!'>	31 March 2018	31 March 2017
Impact of the change in discount rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 "io	288.26	166.89
Impact due to decrease of 1 %	315.18	208.34
IQl.pact of the change in withdrawal rate		
Present value of obligation at the end of the year		
Impact due to increase of 1 °;,,	299.27	189.22
Impact due to decrease of 1 %	303.14	181.06
Impact of the change in salary increase		
Present value of obligation at the end of the year		
Impact due to increase of 1 'Yi1	314.20	208.69
Impact due to decrease of 1 %	289.03	166.32

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 \Vith the currency and estimated term of the post employment benefit obligations.

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 i,t,t:anted 27,36,000 (Grant IV) Options at a price ofINR 50 and 5,00,000 Options (G rant V) at a price of IN R 10 per option (Previous Ycar 43,000 option at a price of INR 38 per option) plus all applicable taxes. The options would vest over a period of 1 Y' ar. ()nrl n tt d, the nptions n:maim cxerciablc for a period of 5 yonn;. Tho othor dinclonurc in retipect of the E OP Scheme .u1.: as uul.lt:t.

Particulars	Grant I	Grant II	Grant Ill	r.rnnt TV	Grant V
Option issued	1,937,000	50,000	43,000	2,736,000	500,000
Clrant date	23 July 2015	8 October 2015	1 August 2016	28 August 2017	10January 2018
Vesting Period	1 year	1 year	1 year	1year	1 year
Exercise Price	38.00	38.00	38.00	50.00	10.00
)<'air market value of options on grant date+	67.28	76.18	90.63	92.44	105.56
Option outstanuing as at .11 March 2018	13,500			2,736,000	500,000
Weighted average n maining contractual life of options outstanding as at 31 March 2018 (in years)	5.46			5.46	5.46
(>pl ion outstanding as al ?il March 2017	5(,8,900	50,000	43,000		
Weighted average remaining contmct ual life of options outstanding as al 31 March 2017 (in)'ears)	4.40	4.40	4.40	-	-

+'J'hc fair value tJf the upl i"ns h.1 li1:1:11 dclc1111i1wd using lht: Black Scholes model, as cettHied by an Independent valuer.

'!'he following labll: illusl ralcs the numbers and weighled average exel cise prices (WA Et>) of, and movements in, share options during the year:

	31 March 2018		31 March 2017	
PurticularH	No of options	WAEP	No of options	WAEP
(>pcni11gbalance	661,900	38.00	1,987,000	38.00
(Iran led during the year	3,236,000	43.82	43,000	38.00
,•:xt rcist tl during tlw year	((114,000)	38.00	(1,270,100)	38.00
Jo:xpirnl tlurit1,L1 lhc year			-	
l"orfoitl:d during lhc yt•ar	(34,400)	38.00	(98,000)	38.00
CloHin h11l11ncc	3,249,500	43.80	661,900	38.00
ExcrciHablc UH ut ycnr end	13,500	38.00	661,900	38.00

'l'lw li1llowing 1ahk lisl till inpuls usl'd li1r 1lw Y":u

	31 March 2018	31 March 2017
l'mhl : I)ividend yidd (" u)'111 facl' valu1.••1fshan:	10.00%	10.00"1!.i
Expt'l'.lt•d Vnlalilil)' ("u)	51.95°';, - 134.08%	71.79%
ltisk free inll'l'l'HI rah• ("u)	6.66°/o-7.63%	7.625°b
Expt•clt•d !iii.: of slrnn option (in yt•arn)	6	6
Wt il-1htcd averagesh11r1. prin (IN!{)	43.82	38
Module used	Black Scholes	Black Scholes

KWALITY LIMITED NEW DELHI

(All amount in INR lakhs, unless otherwise stated)

Note - 42
Financial risk management

Financial instruments by category

Particulars	31March 2018			31March 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Trade receivables	-	-	170,081.33	-	-	137,347.48
Security deposit and loans	-	-	127.65	-	-	95.56
Cash and c.ash f'CJUivalents		-	6,234.48	-	-	8,028.29
Bank deposits	-	-	1,992.97	-	-	896.53
Interest recoverable	-	-	670.97	-	-	488.79
Investments	15.66	-	-	-	-	-
Total financial assets	15.66	-	179,107.40	-	-	146,856.65

Particulars	31March 2018			31March2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial liabilities						
Borrowings	-	-	169,875.13	-	-	150,849.77
Trade payables	-	-	13,029.24	-	-	9,115.93
Securitydeposits	-	-	545.93	-	-	608.74
Others	350.72	-	4,071.58	1,027.56	-	1,755.79
Total financial liabilities	350.72	-	187,521.88	1,027.56	-	162,330.23

The Company's activities expose it to market risk, liqui<.lity 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 rdated impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit'risk	Cash and cash equivalent, lra<.lc receivables, financial assets measure<.!	Agcing analris	Bank deposits, diversification of asset base and credit limits
Litluidity risk	Borrowings and other financial liabilitit:s	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Mnrket risk – l•'oreign <.:xchang<.:	J•'uture commercial transactions Recognist:d financial assets and liabilities not denominated in Indian	Cash flow forecasting and S<.:nsitivity analysis	Forward contract/hedging
Markel. risk – Intert:st rate	Lo11g-tcri11 borrowings at rnriablc rat.cs	Sensitivity analysis	Interest rate swaps
Market rh;k – t;t'.curitypricl:S	lnveHtment in ct1uity St'.Curities	Sensitivity analysis	Portfolio diversifications

Tlw Company's risk managt'.menl is carrit:d out by a cent ral t nawry dcpart nw.111 (or t he group) unc.kr policies approved by the board of directors. The board of dinctors provkk:s writ It'll principks ror overall risk management, as wdl as polkks covtring specific areas, such as foreign exchange risk, interest rate risk, credit risk and i11ws1nw111 of excess lit1uidity.

A Credit riHk

Credit risk is t he risk t hat counll'r party will not meet it's obligation undcr a financial inst rumcnt or customer contract, leading to a financial loss. Credit risk arises from cash and cash n1ui\'ak111 s, t radt: nnivahks, invest ments carritd al amortised cost and dcposits with banks and financiI institutions.

(.'mlil n'.1-k. ııı:Jıııjrıııı•ıı/

Tlw tina11n t'1111c1 ion of tlw Company assesses and managts credi t risk basd on in1emal crcdit rating syst<.:m. Internal credit rating is performed for each class of financial i11st ru11w111 s wit h dif'li.'rmt characterist ics. The C:ompa11y assig11s dw fi11lowi11g crnli1 ral'ings to each class of financial assets based on the assumptions, inputs and factors s1wdi'ic to tlw dasH of financial asHt'I H.

1\: 1:cllrld, ncgligihk
B: Partly HL'Clll't•d
<:: lltrnn:und
I>: 1>011h1ful

Kwality Limited
Notes to the Standalone Financial Statements for the year ended 31March 2018
(All amount in INR lakhs, unless otherwise stated)

Assets under credit risk -

Credit rating	Particulars	31March 2018	31 March 2017
A: Secured, negligib		-	-
R: Partly secured		-	-
C: Unsecured	Trade receivables	170,081.33	137,347.48
	Security deposits	10S.1S	70.61
	Loans to employees	22.50	24.95
	Other financial assets	670.97	488.79
	Bank deposits	1,955.47	849.72
	Cash and cash equivalents	6,234.48	8,028.29
	Investment	15.66	-
D: Doubtful	Trade receivables	400.00	-

The risk parameters arc same for all financial assets for all period presented. The Company considers the probability of default upon initial recogpjtion 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 arc 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 tisk expo.l'ure

Provision for expected credit losses

The Company provides for expected credit loss based on lifetime expected credit loss mechanism for loans, deposits and otheri1westments -

As at 31March 2018

Particulars	Estimated gross carrying amount at	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loans to employees	22.50	00,;,	-	22.50
Security deposit	105.15	()""•	-	105.15
Bank deposits	1,955.47	00,;,	-	1,955.47
(:ashand cash et1uivalents	6,234.48	()""	-	6,234.48

ParticularH	EstinrntNI gross carrying amount at	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
J.oans	24.95	()""	-	24.95
Sl Curity deposit	70.(.1	0"-<•	-	70.61
Bank deprn;iw	B49.72	0"io	-	849.72
Cash and cash tt1ui\'alents	8,028.29	()"/o	-	8,028.29

EXf)ected (:redit 101111 for trade receivable11 under 11imolified armroach

Ageing	0-3 monthH old	03-06 months old	06-12 months old	more than-12 months old	Total
AH at 31 March 2018					
<;ross rnrrying amount	147,255.53	9,881.18	7,032.90	6,311.72	170,481.33
I•:xpl'cled loss l':lll"	0.00""•	0.00°/;,	3.00°/(1	2.99%	
1•'.x1ll'ctvd nnlit lms provision		-	211.00	189.00	400.00
Curryingamountoftr11derecciv11hk11	147,255.53	9,881.18	6,821.90	6,122.72	170,081.33

Ageing	0-3 monthH old	03-06 months old	06-12 months old	more than 12 months old	Total
A11ut31 Murch 2017					
CimHK carrying amount	121,81 1.12	14,(160.12	716.99	159.24	137,347.48
I•:xplnrd loHs rail"	0.O!!° o	0.00°'0	0.00°/;,	0.00%	
I•:xpel'lld cndit loss pmviHinn		-	-	-	-
Currying umount of tmde receiv11hk11	121,811.12	14,660.12	716.99	159.24	137,347.48

(All amount in INR lakhs, unless otherwise stated)

Reconciliation of Expected credit loss provision

Particulars	Amount
As at 1st April 2016	1.65
Changes in provision	(1.65)
As at 31st March 2017	-
Chauges in provision	400.00
As at 31st March 2018	400.00

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

Managemeul 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 insitɼnificant.

31March 2018	Less than 1year	Between 1and 2 years	Between 2 and 3years	More than 3 years	Total
Non-derivatives					
Borrowings(includinginterest)	130,465.59	21,632.74	15,699.79	22,186.36	189,984.48
Trade payable	13,029.24	-	-	-	13,029.24
Other financial liabilities	1,016.92		-	-	1,016.92
Security deposits	545.93		-	-	545.93
Total	145,057.68	21,632.74	15,699.79	22,186.36	204,576.56

31March 2017	Less than 1year	Between 1and 2 years	Between 2 and 3years	More than 3 years	Total
Non-derivatives					
Borrowings	102,106.62	14,829.58	15,204.63	28,150.16	160,290.98
Trade payable	9,115.93	-	-	-	9,115.93
Othe1 financial liabilities	753.05	-	-	-	753.05
Security deposits	(,()8.74	-	-	-	608.74
Total	112,584.34	14,829.58	15,204.63	28,150.16	170,768.70

C Market risk

Markt:t risk is the risk that the fair value or Curure cash flows of a financial imtrumcnl will fluctuate because of change in market price. Market risk comprises three type of risk: lntcrt:st ratt: risk, fordgn currency risk and price risk.

Foreign exchange risk

The c:ompany opcrntt•s intt rnationally and is exposed to foreign exchange risk arising from foreign currency transactions (imports of materials), primarily with rt s1x c1 lo the lJS I>ollar, Huro etc. l'orl'ign cxchangt• risk arises from futurt! commercial transactions and n:cogniscd assets and liabilities denominated in a currency 1h:11 is not thecompany's f11nc:tion:1l nit'l'Vn<T Tlw Company dol'S not hl'dgl' it's foreign cxchang<.: r<.:ceivablcs/payablcs.

Forcagn currency riHk exposure:

ParticularH	31March 2018		31March 2017	
	USD	INR	USD	INR
l:xport trndt rt•ceivahko	23,030,845.42	14,980.21	29,648,212.26	19,223.49
llaJ..111cl' with hankH - l•',xport l:arnl'rin l•'ort ign Cn dit (l:1i'.l•'C)	2,854.87	1.86	372,756.21	241.69
'l'radl Adv111n l'l'l'l ivl d	68,%4.40	44.86	68,964.40	44.72
lmpc11 1 lradt• payahk	391,837.17	254.87	-	-
lluyl rs credit p:iyahk	-	-	-	-
Import capital cn ditorH payahll'		-	-	-
l'orl'ign cum 11cy loan (Union Bank [redacted] India - 1IK)	13,295,698.50	8,648.07	13,999,997.62	9,077.40

St 1111itMty

TlwHl'tlHitivitv of 1ml'i1 orloHH to chan l'H in tlwt•xchan.l'rnll'HariHl'S mainI from fo1 ci•n currcnc denominated financial instruments.

PurticulurH	31March 2018	31March 2017
lJSJ) HCllHltlvlty		
INll/l ISi>- im:m1Hl' by !1 (.'\I fvlarch 2017 5)		
INll/l ISl)-dl rrl'aHl' h 5 11March 2017 5		

306.20 519.39
(306.20) (519.39)

KWALITY LIMITED NEW DELHI

(All amount in INR lakhs, unless otherwise stated)

Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate nsk as dehned 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 vanable rate borrowmg 1s su 11ect to mterest rate. Below 1s the overa11 exposure of the borrowmg:

Particulars	31March 2018	31March 2017
Variable rate borrowing	163,977.20	110,552.59
Fixed rate borrowing	5,897.94	40,297.19
Total borrowings	169,875.14	150,849.78

Sensitivity

Profit or loss 1s senslt1ve to h1p;1 1er/1ower mterest exnense rom horrowmgs as a ff$1l t nf rh::inges m mterest rates.

Particulars	31March 2018	31March 2017
Interest rate sensitivity		
Interest rates - increase by 50 basis points (previous year 50 bps)	849.38	754.25
Interest rates - decrease by 50 basis points (previous year 50 bps)	(849.38)	(754.25)

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 docs not have any price risk as it docs not hold any material investment.

The space has been intentionally left blank

KWALITY LIMITED NEW DELHI

(All amount in INR lakhs, unless otherwise stated)

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 2018	Classification	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities						
Derivative financial instrument	J<VI1JL	Note 1		350.72		351
Financial assets						
Investment in mutual funds*	I'VTPL		15.66			16

*There have been no transfers between Level 1 and Level 2 during the year.

31March 2017	Classification	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities						
Derivative liuam.ial i11sl1u111c11l	FVTPL	Note 1		1,02/.':>6		1,028

(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 deposit-s 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 arc based on discounted cash flows using current borrowing rate which is not materially different from the rates at which they were initially measured. 'l'hcrcforc the carrying mll1c 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:

(a) The use of tiuotcd market prices or tk:alcr llllotcs for similar inslnimcnls
(b) The fair value of the remaining financial instruments is determined based on adjusted ncl assets method.

Risk adjuslmt nts specific lo 11it counterpart ies (including assumptions about credit default rates) arc derived from credit risk grading determined by the Company's inlt:rnal crl•di1 risk managl'mt•nt group.

All of the resulting fair value estimates art: included in lc\d 2.

Note 1:
'l'lw fair vah1t of dtrirntivt financial inst rument 1wr1ai1rn to upside inten st payable to k-11ders of the Company has been certified by a practicing chartered accountant. The fairvaluvot'dtrivalivt fi11al1cial i11sl ruml'11s is liasvd 011 tiuotl'd pricvs and i11pu1s that an dirl'ctly or indirectly observable in the marketplace.

Kwality Limited

Notes to the Standalone Financials Statements for the year ended 31March 2018

(All amount in INR lakhs, unless otherwise stated)

Note - 44

The Company is primarily engaged in the business of processing, manufacturing and trading of milk, ulllk 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	31March 2018	31March 2017
India(Domiciled Country)	662,402.86	572,167.87
Outside India	9,175.57	40,898.28
Total	671,578.43	613,066.15

B The Company docs not have revenue transactions with a single external customer amounting to 10 percent or more of Company's reported revenues.

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:

	31March 2018	31March 2017
India	65,522.59	70,945.37
Outside India	-	-
Total non-current assets	65,522.59	70,945.37

Note - 45

The matter between Iindllstan Unilevel Limited (HUL) and Company r<.:garding entry into each others business areas under the brand name involving the word 'Kwality' is sub judic<.: in Kolkata High Court. The subject matter took place after the Balance Sheet date.

Note - 46

Th<.: Company has in past couple of years invested in development of new manufacturing facility for production of 'Value Added Products' at Softa (Palwal). Jn view of the said expansion and to part fund the working capital requirements there has been a delay in payment of Income Tax and interest thereon.

Note - 47

'J'rad<.: payabks includes foreign CL1rr<.:ncy balanc<.:s INR 2,54,86,696 outstanding for a more than six months from the date of goods receipt note (GRN). Similarly Trad<.: r<.:c<.:ivahks incllldcs forl'.ign Cllrn.:ncy balances INR 87,81,77,366 which is pending for collection more than nine months from the date of tlwinvoic<.:s. The Company bcliL:VL'S 1 hat there will be no significant penalty on account of foreitn exchange payable and receivable delay.

Note - 48

Income Tax sL:arch u/s B2 of Income Tax Ac1, 1%1 was condllctcd on 22 August 2017. Subsequently, Company has received notices u/s 148 and 153A. l•'urthcr the proceedings in this maltcr arc ycl 10 slarl. Al 1his poinl of time it is not possible tn predict the outcome or ascertain the demand of Tax, if any from the Income Tax Dcparlmctll" accordingly no adjustments have been recorded in the financial statements. In addition to above notices, Company has also received two noriccs under section 276 (2) and 277 of Income tax 1\ct,1%1 for Assessment year 2016-17 and 2017-18 dated 12 March 2018 and 27 March 2018 for penally 011 non- paymcnl of laxes for aforesaid assessment years. I lowcvcr, at this stage no penalty has been imposed by department, lhcrcfort\ iiis not possible lo predict 1'11c outcome in near future.

Note - 49

lhil'i11g regard lo c11h:111nd prmluclio11 fadli1y and pbn11cd funding, management is confident of meeting all its liab1h1:1es accordmgly the financial slallnwnls lrn\'l' Ileen pn:part'd on a 'going concern' brnis.

Note - 50

'l'hl'ligurl's for lhl'prL"vious yl'ar havl'lll'l'llrl'groupcd/rl'.arrangcd wherever necessary.

For MSKA & AKKociatlH
(:harlcl'l'tl Acco11n1a111s
l•'irm's 1{l'gis1ralion No. : I05047W

Mitr11
frnlwrnhip No. 0'J151H
l'arlnl'I'

Plan: N<"w lklhi
Dall': 2K May 20lH

For and on behalf of the Board of Directors of
Kwality Limited
CIN No.: L74899DL1992PLC255519

(Sanjay Dhingra)
Managing Director

(Sidhant Gupta)
Director
DIN: 0[illegible]55131

(Satish Kumar Gupta)
Chief Financial Officer
PAN : AEUPG2708P

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

Place: New Delhi
Date: 28 May 2018

KWALITY LIMITED NEW DELHI

P. P. MUKERJEE & ASSOCIATES
Chartered Accountants

1 1-Pratap Enclave, Mohan Garden,
Uttam Nagar, New Delhi-I I0059.
Email ca.ppmukerjee@gmail.com
Mobile: 971 1009361

Independent Auditor's Report

To the Members of Kwality Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated rnd AS financial statements of **Kwality Limited** ("the Holding Company"), which comprise the Consolidated Balance Sheet as at 31st March 20 17, 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 I nd 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;

PP Mukerjee & Associates New Delhi Chartered Accountants

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 No.: 023276N

P.P. Mukerjee New Delhi Chartered Accountants

P.P. Mukerjee
Proprietor
Membership Number: 089854

Place: New Delhi
Date: 26th May, 2017

Kwality Limited
Consol.idated Balance Sheet as at 31 March 2017

	Notes	As at 31 March 2017	As at 31 March 2016	('in lakhs) As at 1 April 2015
ASSETS				
Non-current assets				
Property, plnnt and equipment	6	43,135.27	6,493.26	6,090.33
Capital work-in-progress		662.15	19,406.44	11,836.17
Investment property	7	622.06	610.42	638.80
Intnngible assets	8	134.22	138.68	4.08
Financial assets				
J.oans	9 A	87.27	67.92	64.36
Other financial assets	10	:164.15	72.58	167.36
Deferred tax assets (net)	11	822.67	2,571.64	4,500.79
Other non-current assets	12 A	27,167.44	16442.01	4347.81
		7Z,8,.Z.>	'1!!, OZ. !!	Z7,64,70
Current assets				
J n,rcnlorics	13	35,142.20	1705533	29,104.19
I''inancial Assets				
Traclc receivables	14	1,57,918.59	1,65,537.54	1,32,458.64
Cash and cash ec1uivalcnts	15	8,402.94	5,040.88	2,887.67
Other uanh ualauccs	16	2,924.52	3,602.74	Z,311.63
Loans	9 B	99.41	80.86	91.82
Other current assets	12 B	25.441.68	17 814.21	12 1 16.12
		2,29,929.34	2,09,131.56	1,78,970.07
		3,02,824.57	2,54,934.51	2,06,619.77
EQUITY AND LIABILITIES				
Equity				
Equity share capitol	17	2,373.56	2,239.12	2,18730
Other equity	18	1 09 356.60	83 119.27	63.859.03
Tomi of Equity		1,11,730.16	85,35839	66,046.33
Liabilities				
Non-currcut liabiljtics				
Fim1nci:il liabilitics				
Borrowingli	19 A	50,311.92	25,459.38	14,764.16
Other financi:tl liabilitics	22 A	1,027.56		
Pro\'isions	20 A	270.24	18322	13906
		51,609.72	25,642.60	14,903.22
Current liabilities				
I•'il1ancial liabilities				
Borrowings	19 13	1,08,652.1S	1,21,459.32	1,08,854.77
'i'rn le payablc:1	21	?,686.27	5,2 11.24	**5,199.72**
Other fimncial liabilities	22 13	9,879.40	6,619.34	3,677.80
Other current liabilitir.s	23	5,932.27	6,127.70	4,319.91
Provisions	20 ll	240.17	89.86	50.75
Current tax liabilities (net)	24	5,094.43	4.426.06	3.567.27
		1,39,484.69	1,43,933.52	1,25,670.22
		3,02,824.57	2,54,934.51	2,06,619.77

Summary of significant accounting policies 5
'foeaccompanying notes arc integral part of the consolidated financial state cnts

'[liis is the babncc sheet referred to in our report of c\`cn dare.

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

P.P. Mukerjee & Associates
New Delhi
Chartered Accountants

CA P.P. Mukerjce
Membership No. 089854
Proprietor

Place: New Delhi
Dau.:: 26 ?\fay 2017

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director

(Sidhant Gupta)
Director
[DIN 06555513]

(Sat1sh Kumar Gu Jta)
Chief Financial t.)ffi er
PAN 'AECPC2708P

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

Kwality Limited

Consolidated Statement of profit and loss for the year ended 31March 2017

	Note	31March 2017	in lakhs) 31March 2016
Revenue			
Revenue from operations	25	6,87'182.99	6,34,809.68
Other income	26	1,370.18	2,978.82
		6,88,553.17	6,37,788.50
Expenses			
Cost of materials consumed	27	4,90,087.73	3,72,393.27
Purchase of stock-in-trade	28	1,48,340.11	1,96,209.88
Changes in inventories of finished goods, working in progress and stock-in-trade	29	(17,970.33)	12,394.04
Employee benefitsexpense	30	4,007.98	3,740.89
Finance costs	31	18,141.43	15,848.91
Depreciation and amortisation expense	6	2,233.32	2,336.65
Excisedutypaid	32 A	4.00	0.16
Other expenses	32 B	17,353.52	11,425.71
		6,62,197.76	6,14,349.51
Profit before tax		26,355.41	23,439.00
Tax expense	33	6,940.50	7,042.46
Profit after tax attributable to owners of the parent		19,414.91	16,396.53
Other comprehensive income	34		
A (i) Re-measurements gain/(loss) on employee benefits		(2.40)	16.91
(ii) Income tax relating re-measurements gain/(loss) on employee benefits		0.83	
(iii) Foreign currency translation		(160.55)	370.20
Other comprehensive income for the year		(162.12)	387.11
Total comprehensive income for the year attributable to owners of the parent		19,252.79	16,783.64
Earnings per equity share	35		
Basic (₹)		8.24	7.49
Diluted (₹)		8.20	7.31
Summary of significant accounting policies	5		

The accompanying notes are integral part of the consolidated financial statements

This is the statement of profit or loss referred to in our report of even date

For P.P. Mukerjee & Associates

Chartered Accountants

Firm's Registration No. 023276N

CA P.P. Mukerjee

Membership No. 089854

Proprietor

Place: New Delhi

Date: 26 May 2017

For and on behalf of the Board of Directors

(Sanjay Dhingra)

Managing Director

[DIN:00025376)

(Sidhant Gupta)

Director

[DIN:00555513]

Chief Financial Officer

PAN :AEUPG2708P

(P;dcep K: Srivastava)

Company Secretary

M.No. FCS6763

Kwality Limited
Consolidated statemcnc o(changes in cquhy for the year ended J1 March 2017

A E<iuitv Share Ca1>ital (₹in lakhs)

Particulars	Balance as al 1April 2015	baucof equity share capital during they	Balance at al 31 March 2016	tuucof equityahare capital during 1he year	Balance at the end of reporting period
Equity Jh rc c:ip1t.tl	2,187.30	51.82	2,239.12	134.43	2,373.56

B Other Equicv (₹in lakhs)

Particulars	Share applica1ion money pending allotment	Monies received againsc share w n	curicic1 Pre:mium Rcscnre	Employee's stock options ou11 1tanding	RNained Earnings	Foreign currency transla1ion reserve	Remeasurement of defined bcndit plans	Total <quity a11ribu1able IO equity holders of the company
		Reserves and surplus				Othercomprd1c1u5ivcincome Reserve		
Balance as at April 2015	-	1,875.00	7,344.56	-	54,639.47	-	-	6J,859.03
Profit for the l car	-				16,396.53	-		16396.53
Dividends					(2 18.73)	-		(218.73)
Tu on d;,.;.!cnds	-			-	(-14.53)	-		(44.53)
Am ountrccci, cd a1Qi1 ls1 Shre \V:\rr:'lnts		1,875.00				-		1.875.00
Share A"artanl5 issued during 1he)ear Empk>)'CC stock op1Min upcnsc				916.67		-		916.67
Secunties premium rccci,cd on ;_,,uc of i.h;arei			2;148.19			-		2,448.19
Siu.re wa.tl'anls col wcr1cd Ult o equa1y shatt:s		(2,500.00)				-		(2.<00.00)
						370.20	16.91	387.11
Balance as al 31March 20 16		1 250.00	9792.75	916.67	1om.14	370.20	16.91	83 119.27
Profit for 1hc year					19,414.90	-		19.414.90
Dividends					(236.09)			(23G.09)
Tu on di\'ldcnds					(48.06)	-		(48.06)
Amount rcccwcd ig;iiils1 Sh.ire\Y/arr.111ts		3,750.00				-		3,750.00
Share wamms issurd dunng tht: rear		62500						625.00
Employee stock opuon expense				384.58		-		38-1.58
Emplorcc 51ock optt0n <xcrclscd/bpscd during the rear				(854.53)		-		(854.53)
Sccuri11cs premium rccet,cc:I on issue of shares	-		8,202.72			-		8,202.72
Share w.1rr.tnrs cotwcrtcd unocquit)' shares		(5,000.00)				-		(5,000.00)
ApplK::ation money pendin,R: 2llo1mco1	160.93					-		160.93
01hcn						(t G0.55)	r1.5n	(162.12)
Balance as al 31March 2017	160.93	625.00	17995.47	446.72	89 90J.49	209.65	15.34	1.09,356.<>0

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lhC accomp;mying notes arc mtcgn.1 part of rhe consolidated fuuncial s1a1cmc111"
'l1Iis i.s 1hc stoucment u(ch111gcs in equity tt fcrttd to 1n uur rt-port of even date.

For P.P.Mukcrjcc & Associatc11
Chartered Accountants
Firm's Registration No. 023276N

CA P.P. Mukerjee
Membership No. 089854
Proprietor

Place: New Delhi
Date: 26 May 2017

For and on behalf of the Board of Directors

(Sanjay Dbingra
Managing Director

(Sidhant Gupta)
Director
[DIN:00585513]

(Satish.l'(imacGY
ChiefPimmcial Offictr
PAN :AEUPG2708P

(Pradc<p K. Srivastava)
Company Secretary
111.No.FCS676J

Kwality Llmiled
Consolidated Cash Flow Statement for the year ended 31 March 2017

	As at 31 March 2017	(t in lakhs) As ar 31March2016
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before lax	26,355.41	23,439.00
Adjustments for:		
Depreciation and amortisation expense	2,233.32	2,336.65
Gain on disposal or fixed assets (net)	(15.85)	5.69
Intcresl income	(227.15)	(244.91)
Gain on foreign currency transactions (net)	258.79	471.22
Pinance costs	18,141.43	15,848.91
Share based p•rmcnt expense	384.58	916.67
Mo\'tmenr in provision for employee benefits and others	237.33	83.27
Amountshsscts written off		0.32
Deri, ati,e liability cpcnsc	700.63	
Operating profit before working capital changes	48,068.49	42,8.56.82
Movement in working capital		
Decre:.isc/ (lncrc:uc) in current loans	(18.56)	10.96
Occrcasc/ (lncreasc) in inventories	(18,086.86)	12,048.86
Dcercasc/(lncnsc) in other financial assets	678.22	(1,291.1 I)
Dcercasc/(lncrea<e) in other assets	(7,627.48)	(5,698.09)
Dccrease/(Incrcasc) in other non current assCtil	(10,725.43)	(12,094.20)
Dccrease/(lncreasc) in trade and other receivables	6,881.02	(33,550.15)
(Occrcasc)/ lncrc:lc in other financial liabilities	347.00	(991.70)
(Decrease)/ lncreose in other liabilities	(193.27)	1,807.79
(Decrease)/ Increase in trade and other payables	4,475.03	11.54
Cash now from operating activities post working capital changes	23,798.16	31110.72
Incomctax paid (net)	(4,523.16)	(4.254.4
Net cash now from operating activities (A)	19,275.00	-1,143.74
B CASH PLOWS PROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work-rn-prob<cs•)	(19,799.44)	(10.281.48)
Proceeds from sale/disp<>sal of fixed assets	61.62	19.86
Purchase of intmgiblc assets	(16.88)	(160.46)
Purchase of current and noncurrent investmenlS	(19.36)	(3.56)
Mol□cment in flxed deposits (net)	(191.57)	94.78
Interest received	227.15	244.91
Net cash nows used in investing activilic• (B)	(19,738.48)	(10,085.95)
C CASH PLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of capital (including securities premium and share application money)	7,61J.b	2,500.00
Proceeds from long-term borrowings (net)	27,450.74	14,505.58
(llcpaymcnt)/Procceds of short-term borrowmgs (net)	(12807.17)	12,604.55
Mo,□emcntio retained cnrnil 1g-s	(787.12)	(237.89)
Finance cost paid	(17,390.31)	(15,726.08)
Dividend paid (including tax)	(284.15)	(263.26}
Net cash used in financing activities (C)	3,825.S4	13,382.90
(,,crease in c.h and c.h "lui"'lcnts (A+U+q	3,362.06	2,153.21
Cash and cash equivalents at the beginning of the yenr	5040.88	2,887.67
Cash and cash equivolents at the end of the year	8,402.94	5040.88

Summary of s1gnif10nt accounting pohcacs
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for P.P.Mukcrjee&Associates
Chartered Accountants
Firm's Registration No. 023276N

CA P.P.Mukerjee
Membership No. 089854
Proprietor

For and on behalf of the Board of Directors

Managing Director
(Sanjay Dhingra)

(Sidhant Gupta)
Director
[DIN 00555513]

Place: New Delhi
Date: 26 May 2017

Chic(Financial Officer
PAN :AEUPG2708P

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

Kwality Limited
Notes to Consolidated Financial Statements for the year ended 31March 2017

1. Nature of principal activities
Kwality Limited ('Kwality 'or 'the Parent'), a public limited Group, together with its subsidiary (collectively referred to as the 'Group'). The Group is engaged in manufacture/processing and sale of milk, milk products and dairy products. The Group operates both in domestic and international markets.The Group operates both in domestic and international markets. The registered office of the Parent is situated at KDIL House, F-82, Shivaji Place, Rajouri Garden, Delhi 110027, India.

2. General information and statement of compliance with Ind AS
The financial statements of the Group 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 (by Ministry of Corporate Affairs ('MCA')). The Group has uniformly applied the accounting policies during the periods presented .

For all periods up to and including the year ended 31 March 2016, the Group has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous *G.AI .P)* . These financial statements for the year ended 31 March 2017 are the first year for which the Group has prepared in accordance with Ind AS (see note 44 for explanation for transition to Ind AS). For the purpose of comparatives, standalone financial statements for the year ended 31 Ma.rch 2016 are also prepared under Ind AS. The standalone financial statements are presented in Indian rupees ('INR') and allvalues are rounded to two decimal places of lakhs, except when otherwise indicated.

The financial statements for the year ended 31 March 2017 were authorized and approved for issue by the Board of Directors on 26 May 2017.

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 fmancial liabilities which are measured at fair value;and
- Share bases payments which are measured at fairvalue oftheoptions;

Basis of consolidation

Subsidiary
The Group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. Standards issued but not yet effective and have not been adopted early by the Group
Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below.

Ind AS 115 'Revenue from Contracts with Customers' (Tod AS 115)

The new standard on revenue recognition overhauls the exist.ing revenue recognition standards and will replace Ind AS 18-Revenue and Ind AS 11-Construction contracts.The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:
i. Identification of the contracts with the customer
ii.Identification of the performance obligations in the contract
iii.Determination of the transaction price
iv. Allocation of transaction price to the performance obligationsinthe contract (as identified in step ii)
v. Recognition of revenue when the Group satisfies a performance obligation.

The effective date of the new standard has not yet been notified by the MCA. The management is yet to assess the impact of this new standard on the Group's financial statements.

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5. Summary of significant accounting policies

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

5.1 Current versus non-current classification

The Group 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 mouths 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 otherliabilities are classified as non-current.

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

5.2 Foreign currency

Flmctionalandpresentation cllmnry
The financial statements a.re presented in Indian Rupee ('INR').

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.

5.3 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. The Group applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

Sale of goods
Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customer. Sales are recorded net of sales returns, sales tax, rebates, trade discounts and price differences.

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Revenue from milk processing and other services, if any, are recognized as and when services are rendered and are accounted on an accrual basis.

Interest i1lco11c

Interest income is recorded on accrual basis using the effective interest race (EIR) method.

Export benefits

Exports benefits are recognized on accrual basis in the statement of profit and loss when the reasonable right to receive the same is established.

5.4 Borrowing costs

Borrowing costs that are attributable to the acquisition, comtruction of qulifying sets till the time such !lsset are ready for the intended use, arc capitalized as pare of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are expensed off in the period in which these are incurred.

5.5 Property, plant and equipment

Rtcog11itio11 and initial measurement

Properties plant and equipment arc stated at their cost of acquisition. The cost 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 furure economic benefits associated with the item will flow to the Group. A U other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Subsequent measurement (depreci.ation and 11sejid lives)

Depreciation on property, plant and equipment is provided to the extent of depreciable amount on the Written down value (\VDV). Pursuant to the requirement of the Companies Act, 2013 (the Act), The Parent has revised the depreciation rates 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 arc used:

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

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de.recognised 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 aod the carrying amount of the asset) is recognised in statement of profit and loss when the asset is derecognised.

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On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April 2015 measured as per the provisions of Previous GA.AP and use that carrying value as tlle deemed cost of property, plant and equipment.

5.6 Intangible assets

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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 inlpairment loss if any.

Subsequentmeamrement (amortisation)

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Intangible asset 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 Group provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

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On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at 1April 2015 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of intangible assets.

5.7 Government grant

Government grnts are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge. Other government grants are recognized as income over the periods necessary to match them with the costs for which are intended to compensate on a systematic basis.

5.8 Operating leases

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Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to statement of profit and loss on straightline basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

5.9 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or ex ternal factors. If any such indication exists, the recoverable amount of the asset or the cash generating unit is estimated. Jf 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 a.mount. Impairment losses previously recognized are accordingly reversed in the statement of profit and loss.

5.10 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities arc recognised and arc 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.

Financial assets arc dcrecognised 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 expires.

Classification and subsequent measurement of financial assets

For the pu rpose of subsequent measurement, fmancial 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 (FVOCI)

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

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- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest 011 the principal amount outstanding.

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

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortised cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. AU derivative financial instmmcnts 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 ::iccive market transactions or using a valualion technique where no active market exists.

Financial assets at FVOCI

FVOCI 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.

FVOCI 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.

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 i11profit or loss. All derivative financial instruments are accounted for at FVTPL.

Financial guarantee contracts

Financial guarantee contracts are those contracts tbat 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 tenns of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs tbat are directly attributable to the issuance of the guarantee. Subsequently, tbe 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/Qoss) is recognised accounted in statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabililies 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.

5.11 Impairment of financial assets

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

ECL is the difference between all contractual cash flows that arc due to the Group in accordance with the contract and all the cash flows tlrnt the Group expects to receive. When estimating the cash flows, the Group is reciui.red to consider –

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- 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 Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Otherfl1a1lcialassets

For recognition of impeot loss on other financial assets and risk cxpo3u.rc, the Croup Jcle;:1ull.nes whe;:u1e;:r there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided .

5.12 Inventories

Raw Material, components, stores and spares are valued at lower of cost and net realisable value.

Work-in-progress and finished goods arc valued at lower of cost and net realisable value. Cost includes direct materials, labour and related prod uction overheads in the ordinary course of bu siness. et realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

5.13 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 for the reporting period. 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 rnx 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 t1le liability method. Deferred tax liabilities are generally recognised in full for all taxable temporary differences. Deferred ta!i: assets are recognised to the extent that it is probable that the underlying ta.x loss, unused tax credits or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group'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 arc recognised to the extent that it has become probable that future rnxable profits will allow the deferred tax asset to be recovered.

Dcferrt:d tax a:;:;t:t:; 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).

5.14 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.

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

Shorl-lmnempmyee 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 contrib1 1tio1 1plans:
Group's contribution to Employees Provident Fund cheme, Employees State Insurance Contribution Scheme and Staff welfare fund are charged to the revenue of the year when the contribu tion to the respective fund is due.

Defined benefitplans:
The Group's gratuity scheme is a defmcd benefit plan. The present value of the obligation w1der 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 givingrise 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 statement of profit and loss.

Other defined plans:
Benefits under the Group's leave encashment constitute other long-tenn 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.

5.16 Share based payments

The Employee Stock Option Plan ("the Scheme") provides for grant of equity shares of the Parent to the employees of ilie Parent and its subsidiaries. The Scheme provides that employees are granted an option to acquire the equity shares of the Group 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 Group will be allotted equity shares.

Tra1 1sitio1 1 to IndAS
On transition to Ind AS, the Group has elected to not consider the charge related to employee stock options for which the vesting period is already over.

5.17 Provisions, contingent liabilities and contingent assets

Provisions and co1 1ti1 gent liabilities:
A Provision is recognised when the Group has present obligation as a resulc of a past event and it is probable that an out!1ow 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 are expected to be recovered from a iliird party, the receivable is recognised as a separate asset if it is virtually certain that reimbursement will be received and ilie 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 wiiiin the control of the Group or a presen t obligation that 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 rPw_fl'i'll ....

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estimate of the amount of the obligations cannot be made. The Group 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

Co1ltil1genl 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.

5.18 Significant judgement and estimates in applying accounting policies

The prepaxation of the Group's financial statements requires management to make judgements, estimates and assumption s that affect the reported amounts of revenues, expenses, assets and liabilities, and the rebted disclosures.

Signijicant managementj11dgements
The following are significant management judgement s in applying the accounting policies of the Group that have the most significant effect oo 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 Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement isrequired 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.

Classification of Leases -TIle Group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value ofleased asset and extent of specialized nature of the leased asset.

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

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

Inventories – The Group 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 futu.re selling prices.

Provision and contingencies – The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standard s (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgeme nt by management regarding the probability of exposure to potential loss.

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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.

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6 Propcrty, plant and equipmenr

Details of the Group's property, plant and equipment and rcconciliarion of their carrying amounts from beginning to end of reporting period is as follows:

in lakhs)

	Freehold land	Building	Plant and machinery	Office equipment	Compurers	Furniture and fixtures	Vehicles	Tora!
Gross carrying amount								
At 1April 2015*	1,048.86	1,817.97	7,976.33	38.01	167.29	33.50	866.92	11,948.88
Additions	3.91	55.27	2,208.28	4.21	19.70	12.24	399.03	2,702.64
Disposals/assets written off			(5.47)			(0.32)	(63.05)	(68.84)
Balance as at 31March 2016	1,052.77	1,873.25	10,179.14	42.22	186.99	45.42	1,202.91	14,582.68
Additions		9,362.01	29,258.28	19.12	29.16	70.85	131.24	38,870.67
Excl1ange differences				0.99		0.25	0.98	2.22
Disposals/assets written off							(191.66)	(191.66)
Balance as at 31March 2017	1,052.77	11,235.25	39,437.42	62.33	216.15	116.52	1,143.47	53,263.91
Accumulated depreciation								
At 1 April 2015*		478.82	4,707.47	18.27	132.84	15.03	506.12	5,858.55
Charged during the year	-	129.79	1,901.87	9.28	22.57	7.76	211.14	2,282.40
Adjustments for disposals	-		(3.24)	-			(48.29)	(51.53)
Balance as at 31March 2016	-	608.61	6,606.10	27.55	155.41	22.79	668.97	8,089.42
Charged during the year	-	287.78	1,685.03	9.35	22.56	12.12	167.38	2,184.22
Exchange differences				0.37		0.10	0.42	0.89
Adjustments for diseosals							(145.89)	(145.89)
Balance as at 31March 2017	-	896.39	8,291.13	37.27	177.97	35.01	690.88	10,128.64
Net book value (deemed cost) as at 1April 2015*	1,048.86	1,339.15	3,268.86	19.74	34.45	18.47	360.81	6,090.33
Net book value as at 31March 2016	1,052.77	1,264.64	3,573.04	14.67	31.58	22.63	533.94	6,493.26
Net book value as at 31March 2017	1,052.77	10,338.87	31,146.29	25.06	38.19	81.51	452.59	43,135.27

* Represents deemed cost on the dare of rransicion to Ind AS. Gross block and accumulated depreciation from the pre,-ious GAAP ha,e been disclosed for the purpose of better understanding of the original cost of assets.

(i) Contractual obligations

Refer to note 38 for disclosure of contractual commitments for the acquisirion of properry, planr and equipment.

(ii) Capitalised borrowing cost

The borrO\ving costs capitalised during the year ended 31 Mardi 2017 was 3,347.14 lacs (31 March 2016: 44.12).

7 Investment property

	Buildingand improvements	Total
		f in lakhs
Gross carrying amount		
A1I April 2015'	668.20	668.20
Additions		
Exchan •c differences		
Balance as at 31March 2016	668.20	668.20
Additions		
1xchangc differences	41.20	41.20
Balance as at 31 March 2017	709.40	709.40
Accumulated depreciation		
At1April2015*	29.40	29.40
Depreciation charged during the year	28.38	28.38
Balance as at 31 March 2016	57.78	57.78
Depreciation charged duringtheyear	27.75	27.75
Exchange differences	1.81	1.81
Balance as at 31 March 2017	87.34	87.34
Net book value (deemed cost) as at 1April 2015*	638.80	638.80
Net book value as at 31Mardi 2016	610.42	610.42
Net book value as at 31March 2017	622.06	622.06

* Reprcscnrs deemed cost on the date of transition to Ind *t S.*Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding uf the original cost of assets.

(t) The investment property has been mortgaged to bank abrainst bank borrowinirs (refer note 19).

(ii) Amount recognised in profit and loss for investment properties (f in lakhs)

	31March 2017	31March 2016
Rental income	15.41	15.34
Direct operating cxpensc:s that generated rental income	-	-
Direct opcratin expenses that did not generated rental income	(3.36	(7.80
Profit from leasing of investment properties	12.05	7.54

(iii) Leasing arrangements

Investment properties arc leased to tenants under long-term operating leases wirh rentals payable monthly. Refer note 39B for details on future minimum lease rentals.

(iv) Fair value **(₹ in lakhs)**

Particulars	31 March 2017	31March 2016	**1 April 2015**
Fair value	723.31	725.13	669.62

'I1IeCroup obtains independent valuations for its investment properties at least annually. 'I11cbest evidence of fair value is current prices in an active marker for similar properties. Where such information is notavailable, the Group consider information from a variety of sources including:

a) current prices in an acti.-c ma.rkct for properties of diffcrcm natureor rcccnr prices of similar properties in less active markets, adjusted to reflect those differences.

b) discounted cash Oow projections based on reliable estimate of future cash flows.

c) capitalised income projections based upon a property's estimated net marker income, and a capitalisation rate derived from an analysis of market evidence. Ill c fair valu es of invcstm c:nt prvperli es have been determin ed by external valuer. '111c main inputs used are rental !7fowth rates, expected vacancy rares,terminal yieldand discountratesbasedonindustry data.

Kwalicy Limited
Notes to the Consolidated Financial Statements for the year ended 31March 2017

8 Intangible assets

in lakhs

	Copyright	Softwares	Total
Gross carrying amount			
At 1 April 2015..		17.48	17.48
Additions	100.00	60.46	160.46
Balance as at 31March 2016	100.00	77.94	177.94
A<l<litions		16.88	16.88
Balance as at 31March 2017	100.00	94.82	194.82
Accumulated amortisation			
At 1 April 2015*		13.39	13.39
Amorttsation charcd during the car		25.87	25.87
Balance as at 31March 2016		39.26	39.26
Amortisation char!i:d during the year		21.34	21.34
Balance as at 31March 2017		60.60	60.60
Net book value (deemed cost) as at 1Aril 2015*		4.08	4.08
Net book value as at 31March 2016	100.00	38.68	138.68
Net book value as at 31March 2017	100.00	34.22	134.22

"' Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of bcner understanding of rhe original cost of assets.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2017

(in lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Note - 9			
A Loans - non current assets*			
(Unsecured, considered good)			
Security deposits	87.27	67.92	64.36
	87.27	67.92	64.36
B Loans - current assets*			
(Unsecured, considered good)			
Security deposits	74.46	63.69	73.93
Loans to employees	24.95	17.17	17.89
	99.41	80.86	91.82

*Refer note (illegible)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Note - 10			
Other financial assets - non-current			
Bank deposits with maturity of more than 12 months*	264.15	72.58	167.36
	264.15	72.58	167.36

*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.

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Note - 11			
Deferred tax assets (net)			
Deferred tax asset arising on account of:			
Property, plant and equipment	723.94	1,179.65	147.00
Provision for Employee benefit expenses	64.24		
Borrowings	34.49		
Deferred tax liabilities arising on account of:			
Borrowings		(18.82)	(50.62)
MAT credit entitlement		1,410.81	4,404.41
	822.67	2,571.64	4,500.79

(i) Deferred tax arising on all the items has been recognised in the statement of profit and loss except for deferred tax arising on account of provision for employee benefits, a part of which has been recognised in other comprehensive income on account of actuarial gains and losses.

(ii) *Movement in deferred tax asset (net)*

Particulars	As at 1 April 2015	Recognised in statement of profit and loss	Recognised in equity	As at 31 March 2016
Non-current assets				
Property, plant and equipment	147.00	1,032.65	-	1,179.65
Non-current liabilities				
Borrowings	(50.62)	31.80	-	(18.82)
Total	96.38	1,064.45	-	1,160.83

Movement in deferred tax asset (net)

Particulars	As at 31 March 2016	Recognised in statement of profit and loss	Recognised in equity	As at 31 March 2017
Non-current assets				
Property, plant and equipment	1,179.65	(455.71)		723.94
Provision for employee benefit expenses	-	63.41	0.83	64.24
Non-current liabilities				
Borrowings	(18.82)	53.31		34.49
Total	1160.83	(338.99)	0.83	822.67

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Notes to the Con1mlidted Fin2.nci2l Statements (or the year ended Jl March 2017

(t in lakhs)

Note -12	As at 31March 2017	As at 31March 2016	As ar 1Aeril 2015
A Other non‑current assets			
Capital advance	24,228.23	16,435.33	4,346.50
Prepaid expenses	5.20	G.68	1.31
Advance for services	2,934.01		
	27,167.44	16,442.01	4,347.81
B Other current assets			
Advance tO material/sen-ice prol'iders	24,563.61	17,146.94	11,609.10
Prepaid expenses	83.55	87.33	172.92
Balances with statutory authorities	280.19	385.56	315.30
Other advances	514.33	194.38	18.80
	25,441.68	17,814.21	12,116.12

Nok - 13

Inventories

Raw materials	431.03	133.08	124.04
Work-in-progress *(f{ftr wb/1 1btlo1P)*	14,844.63	2,809.32	3,170.03
fini>hed goods (other than tl1ose acquired for trading)	15,017.10	10,348.68	22,530.65
Stock-in-trade (2cqt11red for trading)	4,067.11	2,800.51	2,651.87
Goods in transit		331.40	
Stores and spares	240.30	213.24	193.00
Packingmaterial	542.03	419.10	434.60
	35,142.20	17,055JJ	29,104.19

Work-in-progress			
F21/l3u11cr/Ghcc	9,708.90	2,173.62	2.338.58
SMP/\VMI'/01hcr	5,135.71	635 70	831.45
	14,844.63	2,809.32	3,170.03

The cost of i1wcmorics includ ing amount of expen se recognised in statement of profit & loss during the ycor arc ₹ 155.931acs (31 March 2016: H5.871acs)

Note - 14

Trade receiva bles

Unsecured			
Considered good	1,57,918.59	1,65,537.54	1,32,458.64
Considered doub1ful		1.65	1.65
uss: Pro,•1sion agai nst doubt ful rcccl\• blcs		(1.65)	(1.65)
	1,57,918.59	1,65,537.54	1,32,458.64

Note - 15

C ksh and cash equivalents

Cash on hand	188.90	197.58	88.86
Balances with banks:-			
In Lurtcnt 3.LLuuno. inclu<ling cheques in ham.I	8,214.04	4,843.30	2,798.81
	8,402.94	5,040.88	2,887.67

Note - 16

Other bank balances

Unclaimed d1v1dcnd accounts*	46.81	34.56	34.77
13ank deposit$			
With maturity upto twch-c montl1s**	2,877.71	3,568.18	2,276.86
	2,924.52	3,602.74	2,311.63

* Unclaimed dividend account pertains to d1"1dend not cla11ned by equity slrnrcholdcrs of 1hc Holding company •nd the Group docs not hove ony right on the s>.id m<>ncy

**/\II of the obove <lepos1ts have been pledged \\11h banks against guarantees, lcncr of credit and cash credit hm1t S"'cn by lhc banks and financ12l onst1tuoons.

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Notes to the Consolidated Financial Statements for the year ended 31 March 2017

Note - 17

Equity share capital	As at 31 March 2017 (₹ in lakhs) Number	Amount	As at 31 March 2016 (₹ in lakhs) Number	Amount	As at 1 April 2015 (₹ in lakhs) Number	Amount
Authorised						
Equity share capital of face value of ₹1 each	1,00,00,00,000	10,000.00	1,00,00,00,000	10,000.00	1,00,00,00,000	10,000.00
		10,000.00		10,000.00		10,000.00
Issued, subscribed and fully paid up						
Equity share capital of face value of ₹1 each	23,73,55,554	2,373.56	22,39,12,322	2,239.12	21,87,30,475	2,187.30
		2,373.56		2,239.12		2,187.30

i Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

(₹ in lakhs)

Equity shares	As at 31 March 2017 Number	Amount	As at 31 March 2016 Number	Amount	As at 1 April 2015 Number	Amount
Balance at the beginning of the year	22,39,11,822	2,239.12	21,87,30,475	2,187.30	20,31,86,434	2,031.86
Add: Issued during the year	1,34,43,232	134.43	51,81,347	51.82	155,44,041	155.44
Balance at the end of the year	23,73,55,054	2,373.56	22,39,11,822	2,239.12	21,87,30,475	2,187.30

iv Rights, preferences and restrictions attached to equity shares

- The Company has only one class of equity shares having a par value of ₹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

Name of the equity shareholder	As at 31 March 2017 Number	%	As at 31 March 2016 Number	%	As at 1 April 2015 Number	%
Sanjay Dhingra	15,21,54,714	64.10	15,21,54,714	67.95	15,21,54,714	69.56
Pashupiti Dairies Private Limited	1,44,41,693	6.03	1,55,44,041	6.94	1,55,44,041	7.11

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 5 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 Holding company, refer note 41.

Note - 18

Other equity	As at 31 March 2017 Number	(₹ in lakhs)	As at 31 March 2016 Number	(₹ in lakhs)
A Reserve and surplus				
Money received against share warrants				
Opening balance	1,03,62,694	1,250.00	1,55,44,041	1,875.00
Amount received against Warrants		3,750.00		1,875.00
Warrants issued during the year	1	625		
Convertible warrants converted into equity shares during the year	(1,03,62,694)	(5,000.00)	(51,81,347)	(2,500.00)
Closing balance		625.00	1,03,62,694	1,250.00

Money received against Convertible Warrants represents amount received towards Convertible Warrants which entitles the warrant holder, the option to apply for the equity shares of the face value of ₹1 each. The Company on preferential basis has allotted the following Convertible Warrants in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations, 2009) in 2016-17.

Name of allottees	No. of convertible warrants	Consideration	Amount received as % of issue price	Date of allotment of warrants/shares
Convertible warrants outstanding at end of year				
1. Bennett, Coleman and Company Limited		625.00	25%	22 August 2016
Total		625.00		
Convertible warrants converted during the year				
2. Sidhant Gupta	51,81,347	2,500	100%	9 April 2016
3. Sidhaant And Sons HUF	51,81,347	2,500	100%	9 April 2016
Total	1,03,62,694	5,000.00		

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The allotee at Sr. no. 1 above is entitled to apply for and be allotted equity shares for each Warrant held, on payment of balance 75% of the issue price within 18 months from the date of allotment of Convertible Warrants. The allotees at Sr.no.2 & 3 exercised their right to convert the Convertible Warrants into equity shares after paying the balance amount and accordingly 51,81,147 equity shares each were issued to Mr Sidhant Gupta and Sidhaant and Sons HUF for an aggregate consideration of 2,500.00 lakhs each.

Utilisation of proceeds of Convertible Warrants issued: The amount of t 625 lakhs received against Convertible Warrants has been/to be utilised towards advertisement in print & non-print media.

	As at 31 March 2017	As at 31 March 2016
		(t in lakhs)
B Securities premium reserve		
Opening balance	9,792.75	7,344.56
Transferred/adjustment during the year	8,202.72	2,448.19
Closing balance	17,995.47	9,792.75
C Employee's stock option reserve		
Opening balance	916.67	
Transferred/ adjustment during the year	384.58	916.67
Exercised during the year	(854.53)	—
Closing balance	446.72	916.67
D Retained earnings		
Opening balance	70,772.74	54,639.47
Transferred/adjustment during the year	19,414.90	16,396.53
Less: Dividend paid	(236.09)	(218.73)
Less: Tax on dividend paid	(48.06)	(44.53)
Closing balance	89,903.49	70,772.74
B Share application money pending allotment		
Opening balance		
Add: received during the year	160.93	
Closing balance	160.93	
F Other comprehensive income - reserve		
Opening balance	387.11	
Add: Remeasurements of employee benefits	(1.57)	16.91
Add: Foreign exchange translation	(160.55)	370.20
Closing balance	224.99	367.11
	1,09,356.60	83,119.27

(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.

Share application money pending allotment

Share application money pending allotment represents amount received from employees for issue of Shares under ESOP.

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 B"""date fair value of the options issued to employees under Holding company's employee stock option plan.

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Kwality Limited
Notes to the Consol idated Financial Statements for the year ended 31 March 2017

(t in lakhs)

	As at 31 Mardi 2017	As at 31 March 2016	As ar 1 April 2015
Note - 19			
A Borrowings non-current			
&curedlo:JnsS:			
Debentures			
Non.convernble debentures	9,674.97		
Less: Current matunacs of long tenn borrowings	(461.59)		
Vehicle loans			
From banks	333.35	395.20	209.26
J.ess: current maturities oflong tcnn borrowings	(116.68)	(149.76)	(97.87)
I'rom others	26.37	40.44	53.19
Less: current maturities of long tcnn borrowings	(13.95)	(14.07)	(12.75)
External commercial borrowings			
From banks	9,043.07	5,935.84	
J.ess: current maturities oflongterm borrowmgs	(899.02)		
Tenn Loan			
From others	19,341.49		
Less: current maturities of longtcnn borrowings	(920.77)		
U11secu red /03ns			
Term loans			
From banks	3,009.03	4,520.37	2.270.IO
Less: current maurirics oflong tcm1 borrowings	(748.04)	(859.78)	(681.83)
Promothers	14,841.16	19,611.25	13,464.95
I.css: current maturities of longtenn borro\\>ngs	(4,045.60)	(4,020.08)	(440.85)
,ebentures			
Compulsorily com emble debentures	1.248.14		
	50,311.92	25,459.38	14,764.16

***Secured loaos;-**

Sccurity details for Non ConveMible debenture:

I11c Non - Convcnible debentures arc secured by woy of first pari - possu charge on new project assets of the Company . 11ts further secured by way of equitable mortg.tge on the immovable propeny in the name of JTPL I'ri, atc Limilcu and pledge of shares of Kwality Limited owned by Mr. Sanjay Dhingra, Managing Director of the Company and exclusive chorgc by ""'Y of hrpoihecation of ihc specified accounts. These debentures arc also secured by persoMI guarontcc of M<. Sanjay **Dhingra, fanaging Directorof the Comp:1ny. Present coupon rate or dcbcn1urcs varies from 12.50°/op.a. to 19.20°/•p.a.**

ii Security dctil" *(or* vehicle loans:

Vehicle loans from bank & others arc secured by hypothecation of Vehicles. Rote of lntcrcsi varies between 10.25'}0 to 12.75%. Period of maturity for loans v-.rics **between 3 year IO 5 year and number of rc,.,nymcnt ;nst2lmcnts is rn.nging between 36 to 60 months.**

iii Security dcta.ils for external commercial borrowings:

External Commercial Oorro\\<ings (ECB) taken from Union Bank of India (U.K) Limited amounting to USD 14 million 9,043.07 Lacs)(31 March 2016 USD 9 million 5,935.84 lacs.)) (01 April 2015 USD Nil). The loan is secured by way of entire pro,ect assets including pro1ect land of the Company and personal guarantee of Mr San1ay Dhingra, Managing Director of the Company. Till the creation of 1he charge ,1he Company ha3 pro, dcd a<lllitional sccunty 1n fonn of pledge of >hares of Kwality Limited in the name of Mr Sanjay Dhingra . Present rate of Interest on loan is 3 months LJOOR plus 425bps.

iv Security details for rerm loan from oll1ers:

TIle Tenn Loon from others rnclud c loan from KKR financial Services Private Limited.The loan is secured by way of first pan - passu charge on new project assets of the Company. It IS runher secured by equitable mong;ige on the immovable property in the name of Jn'L 1>riVlltC Iun•lcd and pied&' uf hare• of Kwality Limited owned by Mr.Sanjay Dh;ngrn, Managing Director of the Company and exclusive charge by way of hypothec>tion of the specified accounts.This loan is also secured by personal guarontcc of Mr. San1ay Dhingrn, Managmg Director of ihc Company. Present rate of loon ,'ancs from I 2.50%pa. to 19.20"•pa.

**Unsecured loans:

v Security detoils for term loan from banks:

a Tenn Loan from banks includes loans laken from I DBI Oonk Limited which has been fully paid during lhe period under rc,iew(31 March 2016 1330.25 lacs; I Apnl 2015: 't 1992.74 lacs). The loon was secured by ""Y of exclush e charge on Immovable propeny held in the name of directors & other party situated at Golden Park, Rampura Road, Basai Darapur, New Delhi and 1hc land / properties held in the name of JTPL Pri\'ate Limited situated or JTPL City, Scctor-115 Mohali (Punjab). 'The loan "' funhcr secured by personal / corporate guarantee of M r San1ay Dhingra, Managing Director of Company and property owners. Rate of lnteres! on loan was 11.50% p.a.

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b Term Loan from Bank includes loan taken from Karur Vysya Dank Lim11cd 2,751.48 (31 March 2016: f 2,927.55 lacs; 1 April 2015:' NIL),. 'lhc loan is secured by way of Eqllltablc Mortgage on land/ properties in the name of JTPL Pri,a1c Limited si1uated 2tJTPL City, Scctor-115 Mohali (Punjab). The loan is further secured by personal 8"'/ce of Mr.San1ay Dhongra, Managing Direc1or of Company and corpora1c guarantee of Jn'L Pri atc Limited. Present rate of In1crcs1 on loon is 12%.

c Term loans from 13anks includes lo2n of 257.66 lacs (31 M>rch 2016 - 279.36; 1 April 2015 - 27736 lacs) 1.ocs token by Kwality Dairy Products I'LE ' the Subsodoary' from First Gulf Dank, and arc secured by mortgage of Property. Loans against property i• poy2ble in 15 rears and rate of interest has been fixed @4.99°o for first two ycor and EBOR plus 3% thereafter.

vi Security details for term loan from other parties:

Term Loons from Other party are from IFCI Ltd '7,486.55 (31 March 2016: ' 9,976.09 lacs; 1 Apnl 2015: f 9,974.73 toes), from DMI Finance Pvt Ltd 'NIL (31 March 2016: '3,049.37 lacs; 1 April 2015: '3,490.22 lacs), from Aditya Dirla Finonce L1mi1cd f2,953.40 (31 March 2016: {3279.62 lacs; I Apnl 2015:'NIL.), Ilcro Fincorp IJmited t 2,756.87(31 March 2016:'3,306.17 lacs; 1 Aprol 2015:'NIL) and from Mahindra & Mahindra Financial Services Limited '1,644.35(31 March 2016: t NIL; 1 April 2015: t NIL)

a 1.oan from IFCI Limited is secured by w2y of equitable mortgage on the immovable property in the name of m>L Pnvatc Limited situaled at JTPL City. Sector-I 15 Mohali Q'unjab) and pledge of shares of Kwali1y Limited in the name of Mr. Sanjay Dhingra and further secured by personal bUllr.ltltee of Mr.5anj2y Dhingra, Managing Dircc1or of Company and Corpor:lle Guaran1cc of JTPL Private I.imited.-0-1e present rate of Intcrest on loan is 12.50 %p.a.

b Loan from DMI Finance p, t Ltd was secured by way of pledge of equity shares of Kwahty Limited 111 the name of Mr. anjay Dhingra. Also the loan was secured by personal guarantee of Mr.Sanjay Dhingr.i, Managing O.rcctor of Company. Rate of interest on loan was 14.60% p.a.

c Loan from Aditya Birla l'mance Limited is secured by way of eciuirablc mortgage on land/ property in the name of JTPL Private (mired siniared in Mohnli (Punjab). and funher secured by personal gunran lcc of Mr. Sanjay Dhingr.i, Mnnagong Director of company and corporate guar:lntee of JTPL Pri,ate Limited. lhc rate of lntercsl on loan *os* ranging from 12.50% to 12.75°•0.

d l.02n from I lero Fincorp Limited is secured by way of equitable mortgage on immovable property in the name of JTPL Privalc Limited sirua1cd al JTPL Gty, Scctor-115 Mohali Q>unjab) and personal guarantee of t.tr. Sanjay Dhingra, Managing Direc1or of the Company and corporate 'Uarantec of JTPL Privaic Limited . Rate of interest on loan is 12.75% p.a.

c Loan from Mahindra & Mahindra Pinancial Services Limited is secured by way of mortgage of land and building at Sccmr 115, Mohali, Punjab owned by JTI>L Private Limited and pledge of equity shares of Kwality 1 mitcd held on the name of Mr. Sanjay Dhongra. Moreover it ts funher secured by person al j(Uarantcc of Mr. Sanjay Dhingra, Managing Dircc1or of the Company and corporote guarantee of JTl'L Pri•atc Limttcd. Rate of mtercst on loan is 1250" .

(f in lkhs)

B Borrowings - current	As u 31 March 2017	As at 31 March 2016	As at 1 Aeri1 2015
Secured IO:JTJ/J'			
Cash credu fac1hucs	1,06,Z25.16	1,13,272.45	1,02,267.44
LC/VDD due 10 Banks	734.35	2,651.11	6,587.33
Buyds credit	1,692.64	5535.76	
	1,08,652.15	1,21,459.32	1,08,854.77

Security details for shon term borrowings:

Loans from Oank towards cash cm.lie limits arc secured by way of:-

2) First pari passu charge on the entire current assets of the company.

b) First pari pa>'u harge on entire mo,.•blc anJ unmovable fixed assets oncludmg equ11ablc mortgage of faelory land and building or the company situorcd al village Sofia ,Palwal (I laryana) and at Vollage Mumrcjpur, Tchsil Dib2i, District- Dulandsahar (U.P).

c) ForM pan passu charge on cnurc fixed assets of Pashupati Dairies Private Iimited including Equitable mortgasc of t.and and Building siniatcd at \'1ll2!;C Kumarhera, Saharanpur (UP).

d) hrst pari pasu charge by way of equitable mortgage on immovable property in the name of fll>L Private Limi1ed situated al JTPL City, Sector-115 Mohol1 (Punjab).

c) C.Orporuegu:.rantce of P:ts:hupat; o,.:,;csP..iva1c I.imi1cd.

f) Personal guaranlcc of Mr.Sanja y Dhingra, Managmg Director of the Company and corporate gua,ramec of J111,Pnvate Limoted.

pJ 10%1Cash margin for J .C in the fom, of Fixed Dcposlts.

h) lhc outstanding 13uycr's credit focolity amounting to USD Nil (31 ll!arch 2016 USO 1,35,402.25; 01 April 2015 USD NIL) is agains1 I00% margin from Corporation Bank.

ii Other Terms and Conditions

a) Neg:iti,e lien for non disposal/ non transfer of 51 % of equity share held by /llr.Sanjay Dhingra.

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(₹ in lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Note - 20			
A Provisions - Non current			
Provision for employee benefits:			
Compensated absences	100.16	69.84	48.25
Gratuity	170.08	113.38	90.81
	270.24	183.22	139.06
B Provisions - current			
Provision for employee benefits.			
Bonus	204.75	70.85	39.07
Compensated absences	19.86	12.13	6.98
Gratuity	15.56	6.88	4.69
	240.17	89.86	50.75
Note - 21			
Trade payables			
Due to micro and small enterprises			
Due to others	9,686.27	5,211.24	5,199.72
	9,686.27	5,211.24	5,199.72

•Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006") as at 31 March 2017, 31 March 2016 and 1 April 2015:

	Particulars	31 March 2017 (₹)	31 March 2016 (₹)	1 April 2015 (₹)
i)	**the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of**	Nil	Nil	Nil
ii)	the amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	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	Nil
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	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	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 Group.

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Kwali1y Limited
Notes to the Consolidated Financial Statements for the year ended 31Morch 2017

(f in lakhs)

	As ot 31 Malch 2017	As at 31March 2016	As 31 I April 2015
Noie - 22			
A Other financia1 liabiliti es - Non current			
Dcrivati\•e liability	1,027.56		
	1,027.56		
B Other financial liabilities - current			
Current matunties of long lcrm borro•Mngs	7,205.65	5,043.70	1,233.30
Inrcres1 accrued on borrowings	1002.74	25L62	128.79
Contractually reimbursement C><penses to employee	348.76	28L15	209.29
Unpaiu dividend on equity shares	46.81	34.56	34.77
Payable for capital goods	152.73	349.98	1,432.09
Sccuril)' dcp<>sits rccca\□cd	(,OM74	4?9.31	•HI.65
UJ\pc11:,1.. pay.d.Jlc.	513.97	159.02	197.71
	9,879.40	6,619.34	3,677.80

Note - 23			
Other current liabilities			
Smutory dues	5,019.18	5,673.44	3,958.77
Advance from customer.>	766.51	454.26	361.14
Deferred income on compulsonly convcniblc del>cnturcs	146.58	-	
	5,9J2.Z7	6,127.70	4,319.91

Note - 24			
Current tax liabilities (net)			
Pro\is1onforincome t:n:,ner of !ldvncc tax'11\d mx dcducic<l at rourc:c	5,094.43	4,426.06	3,567.27
	s,094.43	4,426.06	3,567.27

(in lakhs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Note - 25		
Revenue from operations		
Sale of products *(11.Lfarnote I below)*	6,87,122.59	6,34,796.35
Sale of services	2.27	
Other operating income *(Rtjtrnote 2 belnv)*	58.13	13.33
	6,87,182.99	6,34,809.68
Sale of products comprises:		
Manufactured goods		
l'at/ 13utter/Cream/Ghec	1,22,98t.87	92,246.22
SMP/WMP/ DW/DC/SN F	1,14,540.41	66,524.01
llk/Toned Milk/Dnublc Ton-<l Milk	2,44,252.04	2,24,21G.Ot
Curd	51 ,170.%	47,153.21
	S,32,945.28	4,.30,139.45
Tradcd goods		
l'ot/13uttcr/Crcam/Ghcc	2,745.87	2,121.62
SMP/WMP/OW/DC/S F/AJ\IF	73,608.73	1,03,832.98
Milk	36,880.15	60,1 16.69
Cattle feed & supplements	248.44	193.60
Vitamin premi,x & food additives	40,694.13	38,392.0 1
	1,54,17732	2,04,656.90
2 Other operating income comprises :		
Income from export inccnti,e		0.53
Sale of scrap	58.13	1281
	58.13	1334
Note - 26		
Other income		
InLcrcst income	227.15	244.91
Profit on sale of fixtXI assets	16.95	2.57
Foreign exchange - gnin (net)	994.99	2,673.73
Rxcess prO\isions/liabilitics written back	40.56	14.53
Security deposits forfeited	38.26	
Claims l'CCO\'ercd	15.77	11.14
Miscellaneous income	36.50	31.94
	1,370.18	2,978.82
Note - 27		
Cost of n1atcrials consutncd		
Opening stock	133.08	124.04
Add: purchases	4,90,385.68	3,72,402.31
Less: Closing stock	(4'1.M)	(133.082
	4,90,087.73	3,72,393.27
Material consu1_ncd con1priscs:		
lllilk	4,69,486.24	3,58,685.28
Butter fat/Ghee	.857.()(j	7,819.90
Others	10,743.83	5,888.08
	4,90,087.73	3,72,393.28
Note - 28		
Purchase of stock in trade		
Milk	35,707.14	59,057.68
Fat/ Butter/Cream/Ghee	2,719.02	2,051.17
SMP/ WMP/ DW/DC/SN F/i\MF	69,425.90	t,31,303.52
Cattle feed & supplements	251.23	182.21
Vitamin premix & food addit.i"es	40,236.82	3,615.30
	1,48,340.11	1,%,209.88

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Kwaljty Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2017

(in lakhs)

	For the year ended 31 March 2017	For the year ended 31March 2016
Note - 29		
Changes in inventories of finished goods, work-in-progress and scock-in-lr de		
Inventories al the end of the year:		
FinishL-d goods	19,084.21	13,149.19
Work-in-progress	14,844.63	2,809.32
	33,928.84	15,958.51
Inventories at the beginning of the year:		
rinishcd goods	13,149.19	25,182.52
Work-in-progress	2,809.32	3,170.03
	15,958.51	28,352.SS
	(17,970.33)	12,394.04
Note -30		
Employee benefit expenses		
Salaries and wab>t.S	3,406.29	2,578.80
Contribution to provident fund and other funds	95.92	142.61
Staff welfare expenses	121.19	102.81
Share based payment expense	384.58	916.67
	4,007.98	3,740.89
Notc-31		
Finance costs		
Intcrest expenses	17,926.24	15,629.99
Other borrowing cos1	215.19	218.92
	18,141.43	15,848.91

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Kwality Limited
Notes to the Consolidated Financial Statements for the year ended JI March 20 I7

(f in lakhs)

	Fort.heyearended 31 March 2017	For the year ended 31 March 2016
Note - 32		
A. Excise duty paid		
Excise duty	4.00	0. 16
	4.00	0.16
B.Other expenses		
Advertisement &salespromo1ion	2,051.19	428.57
Bank charges	164.64	234.66
Commission & brokerage	104.31	108.85
Communication expenses	86.10	70.03
Consumption ofpacking materials	6.285.88	4.122.86
Consumption o[:stores and spare pans	308.55	234.19
Donations and contributions	4.22	2.17
Export and import expenses	89.60	57.69
Insurance	63.10	54.94
Legal and professional expenses	482.40	240.80
Losson saleof foxed assets	1.10	8.26
fiscelbncouscxpcnscl' i'	735.70	645.20
Payments to auJitors (refer nore (i)below)	I I.SO	11.45
Powerand fuel	1,496.81	1,400.72
Printing and stationery	30.64	26.22
Processmg charges of milk	830.15	831.14
Rawsand taxes	52.13	57.60
Rent	384.25	324.32
Repairs and maintenance - 13uildings	53.60	63.88
Repairs and mamtenance - Machineries	326.31	92.32
Tr:msportation charges	2,683.90	2,U<J0.12
Tř\'elling and conveyance	341.79	233.73
Vehicle running expenses	65.02	85.99
Dcrinm c liabil1 1y expense	700.63	
	17,353.52	11,425.71

(i) Details of payment to auditors

Pay1ncnt to auditor		
Audit fee	9.77	9.73
Taxaudil fee	1.73	1.72
	11.50	11.45

(ii) Corporate social responsibility expenses (•includes in Miscellaneous expenses)

Gross amount required ro be spent by the Group durinl! rhc year is 352.88 lokhs (previous year 297.90 lakhs).

Particulars		In cash	Yet to be paid in cash	Total
Construction/acquisition of any assel	31 Much 20 I7			-
	31 March 2016			
On purposes o1 herthan (above	31 March 2017	359.81		359.81
	31 March 2016	297.90		297.90

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Kwality Limited
Notes to the Consolidated Financial Statements for the year ended 31March 2017

(f in lakhs)

	For the year ended 31March 2017	For the year ended 31March 2016
Note - 33		
Inco1nc ca.x		
Tax expense comprises of:		
Current tax (including earlier years)	6,602.35	8,106.91
Deferred tax charge/(credit)	338.15	(1,064.45)
Income tax expense reported in tbe statement of profit or loss	6,940.50	7,042.46

"l11c major components of income tax expense and the rcconciliatton of expense based on the domestic effective tox rote of at 34.608% and the reported tax expense in profil ur lossarc as follows:

Reconciliation of tax expense and d•e accounting profit muhipJ;cd by India's tax rate		
Accounting profit before tax from continuing operations	26,355.41	23,439.00
Accounting profit before income tax	26,355.41	23,439.00
At India's statutory income tax rate of 34.608%o (31 l\larch 2016: 34.608%)	9,121.08	8,11t.77
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility	124.52	103.10
Lmpact of depreciation	(1,530.79)	(1,019.00)
Impact of c:trlicr year 1nx	122.18	717.35
Impact of allowed/disallowed expenses	35.84	30.24
Ocher iccms	100.67	114.69
[\ffoct of tax rotes in foreign junsdicuons	(1,032.99)	(1,015.6?2
Income tax expense	6,940.51	7,042.48

Note - 34		
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Re-measurement gains/Qosscs) on defined benefit plans	(24-0)	16.91
Income ta.x relacing re-measurements gain/Qoss) on employee benefits	0.83	
Foreign currency translation	(160.55)	370.20
	(162.12)	387.11

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Kwality Limited
Notes to the Consolidated Financial Statements for the year ended 31 March 2017

Note - 35
Earnings per share (EPS)

The Gruup's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Parent. Basic earnings per share is computed using the weighted a\ crage number of shares outstandang dunng the year. Diluted c-unings per shar 1s computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share Options, except where the result wouldbe anti-dilutive.

'I'hc following rcOc'.CIS lhc income and share data used in the basic and diluted HPS compumtions:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit attributable to owners of the parent	19,414.91	16,396.53
Weighted ""cragc number of Equity shares for basic EI'S	23,57,38,711	21,90,00,189
Effect of dilution:		
Shareoptions	9,78,296	52,47,310
Weighted average number of Equity shares adjusted for the effect of dilution	23,67,17,007	22,42,47,499
Earnings per equity share (!)		
(1) Basic	8.24	7.49
(2) Diluted	8.20	7.31

Kwality Limited
Notes to the Consolidated Pinaocial Statements for the year ended JI March 2017

Note -36
Capital management

(a) Risk mana gcmeot

The Company's objectives when managing capital arc to:

- Safeguard thctr abtlny to continue as a going concern, so that they can continue to prm<ide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

ln order to maintain or adju st the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to sh areholders, issue new shares or sell assets LO reduce debt. Consistent 'ith others in the industry, the Company mon i tors capital on the basis of the followinggearing ratio.

l'inlakhs)

	31 March 2017	31 March 2016	1 April2015
Net.debt	57,517.57	30,503.08	15,997.46
Totalequity	1,11,730.16	85,358.39	66,04(1.\3
Net debt to equity ratio	51.48°0	35.74%	24.22%

<'io lakhs)

(b)

Particulars	31 March 2017	31 March 2016
(i) Equity slrnres		
Final dividend for the year ended 31 March 2016 on 0.10 (31 March 2015 - 0.10) per fully paid share (Net of Di\'idcnd distribution tax)	236.09	218.73
(ii) Dividends not recognised at the end of the reporting period In addition to lite above dividends, since year end the directors h.-e recommended the paymen 1 of a final dividend of 0.IO (31 March 2016 0.10) per fully paid equity share. 1 lus praposcd dividend is subject to the approval of shareholders in the ensuing annual general meeting.	237.36	234.27

Note -37

R clated party transactions

Relationships	Name of the party
Key managerial personnel (KMP)	Ibuan Sagar Khanna
	Sanjay Dhingra
	Manjit Dahiya
	S.K. Ohalla
	Sidhant Gupta
	i\shok Kumar Gupta (from 14June 2016 to 2ll October 2016)
	Pinky Singh (rcoigned w.c.f.23 Jnnuory 2016)
	Arun Srivastava (resigned w.e.f. 14 June 2016)
	Ocepa Kapnor (resigned w.c.f. 16 May 2015)
	Sunit Shanglc (resigned w.e.f. 04July.2016)
	J\nkita Mchrotr.i
	Satish Kumar Gupta
	Pradcep Kumar Srivastava
Entc rprises on which key managerial person have significant inOuencc	Jf'PL Private Llmi1cd
	Pashupau Daines Private Limited
	Kwality Dairy Investments Private Llmited
	Sahayogi Sanchaalan Private Llmited
	Sahrogi Foundation
Relative of Key Managerial Person	Ved Parkash Gupta
	Sonika Gupta
	Sidhaant and Sons (IIUP)

11 Disclosures in respect of material transactions witl1 relJ&tcd parties duri.ni:: the year

<' inlakhs)

Related Party	Nature of Transactions	31 March 2017	31 March 2016
P:ishupau Dairies Pvt Ltd	-Rent Paid	60.00	60.00
	-Royalty Prud	10.35	10.28
	-Dividend Paid	15.54	15.54
JlI'L Private Limited	-Collateral S.:-curi ly/guarnn1cc Taken	1,42,643.00	10,000.00

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(f in lakbs)

Related Party	Nature of Transactions	31March 2017	31March 2016
Sanjay Dhingrn	-Guarantee for Long Term Loans	33,725.79	12,500.00
	Managerial Remuneration	130.20	130.20
	-Dividend Paid	152.15	152.15
	-Shares Pledi;e for Loan	66,409.94	22,759.50
Sidhant Gupta	-M2n2gcn2I Rcmuncrabon	-	6.33
	-Dividend Paid	5.16	-
	-Allotment of equity share•	2,500.00	
	-Meeting rec	0.80	1.10
Sidhaant and sons 11Ur	-Allotment of equity sh:ircs	2,500.00	
	-Dividend Paid	5.18	-
Sunik:t Gupta	-Allotincntore<luityshare:_.;	-	1,875.00
	Dividend Paid	5.16	-
I(attan :Sagar Khanna	-Meeting Fee	0.80	1.50
Arun Srivastava	-Mc'.Cting rec	0.20	1.50
Pinky Singh	-1\foctingrec	-	t.20
Ankita Mehrotra	-Meeting rec	0.70	0.30
Ashok Kumar Gupta	-Meeting Fee	0.30	-
S.K. l.lhalla	-Remuncrabon	40.00	19.25
Manjit Dahiya	-Remuneration	21.17	18.78
	-HSOP (Net Or difference of l'l\.£\1)	32.84	-
Sunit Shanglc	-Jlemuncration	8.32	27.89
Satish Kumar Gupta	-Remuneration	17.36	-
Dccpa Kapoor	-Remuneration		1.29
PrndccpKum:U"Srivasta.va	-Rcmuncntion	12.32	12.08
	-ESOP (Net ofdifference of FMV)	12.19	
Vcd Prakash Gupta	-Dividend Paid	5.83	5.83

III Daboces \\iib reucd parties (f in lakhs)

Related Party	Nature of Transactions	31March 2017	31 Much 2016	I April 2015
I'ashupati Dairies Private Limited	Amount Payable in respect of Services /Rent	25.00	49.38	41.86
	Amount Payable in Respc'.Ct of Royalty	8.61	9.38	-
	Guarantee 1akt:n for f.inancial Limits	1,12,643.00	1.12.643.00	1,12,643.00
JTPL Private ljmitcd	Collateral Secunty/guarnntcc taken	1,65,643.00	23,000.00	13,000.00
Sanjay Dhingrn	Guarantee taken for Long Term 1..oans	53,000.00	29,000.00	16,500.00
	Cuarnntcc l'akcn foe Financia.lLirruts	1;12,643.00	1,12,643.00	1,12,643.00
	Guarantee taken for UCB	9,725.79	-	
	Shares Pledge for Loan	1,04,773.44	38,363.50	15604.00
Sidhant Gupta	Collateral Sccun1y/am111ec	-	1500.00	1,500.00

Note - 38

Summary of contin1?:ent liabilities and commitments {lo lbt t)<lt11/ 11ol pro1idtd or) (f in lakhs)

Particulars	31March 2017	31March 2016	I April 2015
Co11tin1?:ent liabilities			
Milk ccs• disputed by the company relating to issue of applicabihry a1r,.1insr which the company has preferred an SLP against the order of Punjab & I laryana I hgh Court before I lon'blc Supreme Court of India. A liability of Ccss pnncipal amounting 396.52 lacs from which a sum of 167.65 lacs (previous year 169.09 lacs) deposited under protest and a sum of t 2552.95 lrics on account Or imercsc liability raised by Semen Bank ofr.ccr, of J Ja.ryana Livestock Development Board for which 1hc matter is already before I lon'blc Supreme CuurL.	2,761.82	2,172.57	1,218.34
A civil recovery suit has been filed by S.M. Milkosc (jmitcd regarding dispute in supply of matcnal which is disputed by the Co. & is pending before The I lon'blc I ligh Court of Delhi.	156.97	156.97	156.97
Appeal under Food Safety /\ct, 2006 , Kwaliry Limited and others ersus Food Safctv officer, Sh. Chander Veer Sin2h ladon, Kota, Raiasthan	0.50	-	
Sales tax matters in /\noellatc Authorities	-	57.29	66.38
DEPB Crt'<'.lit mottcr in CESTJ\T tribunal	69.44	69.44	69.44
Contin!!Cnc Llabtluv for bank l(uarantce	587.44	660.55	1,570.23
Concinl!Cnt Liabilitv under EPCG License	647.24	593.34	703.1I

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Sununarv of contingent liabilities and commitments *(to !ht txltnl notprotidtd* |orl (Gilltd.J (f in lakhs)

Particulars	31M:uch 2017	31 March 2016	1 April 2015
Commitments			
Estimated amounr of Contracts remaining to be executed un capital account and not provided for	2,538.28	2,972.81	485.71

Note - 39

A Operating leases - Group as a lessee

The Company has taken various premises on operating leases am! ic'1se rent of '{ 327.68 (31 M:u:ch 2016: 267.95) in respect of the same has been charl;ed to statement of profit and loss for the year ended 3I March 2017. The underlying agrccmcms arc exccut<l for a period generally ranging from three to live years, renewable on mutual consent and arc cancellablc in some cases, by either party giving notice generally of 30 to 90 days. There arc no restrictions imposed by such leases and there arc no sublcaSl.'.li. "Ilic minimum le:ise rentals payable in respect of such operating leases arc as under:

(f in bkbs)

	31 March 2017	31 March 2016	1 April 2015
Wichin one year	188.29	185.10	160.39
Later than one year but not later than five years	529.56	651.94	638.18
Later than fi,e years	786.86	667.66	507.71

B Operating leases - Group as a lessor

(t;nlakhs)

	31 March 2017	31 March 2016	1 April 2015
Within one year	7,65,140	7,65,140	-
Later than one year but noc later than fi,e years	7,65,140	15,30,279	
Later than five years	-	-	-

The Group has lcaS<'.CI oul a property owned by the 'subsidiary' of the Company situated nr Dub.U for a period of 3 years with annual rcncal of AED 45,000.

Notc -40

Gµuicy and compensated absences

Compc11s; cdabsc11ces

Amount rccoe:nised in the stalement of profit and loss is as under: (f in lakhs)

Particulars	31 March 2017	31 March 2016
Current service cost	41.09	30.43
Interest cost	6.15	4.42
Actuarial (gain)/loss, net on account of:		
-Changes in financial assumptions	4.23	0.21
-Changes in experience adjustment	(11.28)	(0.12)
Cost recognized during the year	40.19	34.94

Movement in the liabilicv recol!nized in the balance sheet is as u. ıder. (f in bkhs)

Particubr$	31 March 2017	31 March 2016
Present value of defined benefit obligacion at the beginning of the year	81.97	55.24
Current service cost	41.09	30.43
Inccrest cosc	6.15	4.42
Actu arial (h.Un)/loss, net	(7.05)	0.09
lknefits paid	(2.13)	(8.21)
Present value of defined benefit obligation at the end of the year	120.03	81.97
Current	19.86	12.13
-Non-current	100.17	69.84

For detcnni ıatiou of the liability of the Company, the followine: actuarial assumption swere used:

Particulars	31 March 2017	31 March 2016	1 April 2015
Discount rate	7.50'/o	8.00°)	7.75%
Salary escalation rate	5.00%	500"!	5.00%
Withdrawal rate 18 10 58 Yea rs	2.00%	2.00%	2.00%
Mortalitytable	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	**Indian Assured J.ivcs** Mortality (2006-08)

These assumptions were dcvelopc!CI by managemcnl 'ith 1hc assistancc of independent actuarial appraisers. Discoum factors arc determined close to each year-end by reference 10 go\'crnmenr bonds of relevant economic markets and that h•ve terms to maturity approximating to the terms of the related obligation. Other assumptions are bas<'.CI on management's histoncal experience.

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nsitivity analysis for compensated absences liability (If in lakbs)

Particulars	31Much 2017	31March 20 16	I April 2015
Impact of the change in discount r.tte			
Present value of obligation al the end of the year			
Impact due to increase of l°o	108.IO	74.22	49.88
Impact due to decrease of I °o	134.48	91.28	61.66
Impact of the change in withdrawal rate			
Present value of obligation al the end of the year			
Impact due to increase of I O,o	123.60	84.73	57.18
Impact due to decrease of I %	115.90	78.81	53.00
Impact of the chrnge in salary increase			
Present value of oblig:uiun at the end of the year			
Impact due to mcrcasc of I°o	134.71	91.48	61.80
Impacr due rn decrease of I %	107.74	73.95	49.69

Gr1auity

The Company prov ides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who arc in continuous service for a period of 5 years arc eligible for gratuity. The amount of gmtuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionotcly for I5days salary multiplied for the number of years of service. Gratuity plan is a non-funded plan.

Amount rccol!"niscd in the statement of profit and loss is as under. ("f io fakhs)

Particubrs	31 March 20 17	31March 2016
Current service cost	54.81	37.37
Interest cost	9.02	7.64
t\ctua lal ain)/ Ioss. net on accoulll of:		
-Changes in financial assumptions	7.13	0.36
-Changes in experience adjus1ment	(4.73)	(17.27)
Cost recognized during the year	66.23	28.10

Movement in the liability recoirnized in the balance sheet is as under. (lin lakhs)

Particulars	31March 2017	31March 2016
Prescm value of defined benefit obligation at the beginning of the year	120.24	95.50
Currcnl service COSL	54.81	37.37
Imerest cost	9.02	7.64
Actuarial (!,.Un)/loss, net	2.40	(16.91)
Benefits paid	(0.85)	(3.36)
Present value of defined benefit obligation at the cod of lhe year	185.62	120.24
-Current	15.56	G.88
-Non-current	170.08	I13.36

For determ1naoon of the liability the Compaoy, the foUowing actuanal assumptions were used:

Particulars	31March 2017	31March 2016	1April2015
Discount rate	7.50%	8.00%	8.00%
Salary escalation rate	5.00%	5.00'lo	5.00%
Mortality mblc	**Indlan Assured I.ives** J\tortahty (2006 -06)	Indian Assured Lives Mortality (2006 -08)	Indian Assured Lives Mortality (2006 -08)

These assumptions were developed by managcmen1 with the assistance of 111dcpcndem actuarial appraisers. Discount factors arc determined close to each year-end by reference 10 government bonds of relevant economic markets and that have terms to maturity approximating to the terms OF the rclaicd obligation. Othcr assumpuons are basc_-d on mana&>emcnt's historical cxpcncncc.

PP Mukerjee & Associates New Delhi Chartered Accountants

Kwality Limited
Noies I0 !he Consolida led Financial Statements for the year ended 31 March 2017

Sensitivitv aoalvsi.s for comoeosatcd absences liability "in lakhs)

Paniculars	31 March 2017	31 March 2016	I April 2015
Impact of the change in discount rdtc			
Present value of obligation at the end of the year			
Impact due I0 increase of I %	166.89	108.50	86.12
Impact due to decrease of I%	208.34	134.40	106.78
Impact of the change in withdrawal rate			
Present value of obligation at the end of the year			
Impact due to increase of I%	189.22	122.97	97.48
Impact due IO decrease of I '}o	181.06	116.78	92.91
Impacr of the chani:-e in salary increase			
Present value of obligation at the end of the year			
Impact due to increase of I %	208.69	134.69	107.02
I mpact due LO dccred:,t: ur t %	166.32	108.09	85.79

The estimates of future salary increases, innauon, seniority, promouon and other relevant factors, considered in ac1uarial valuation such as supply and demand in the employment mark et. The rnte used to discount post employmenc benefit obligations (both funded and unfunded) should be determined *by* reference to m:trkct yidd• at the balance sheet date on I:'U emment bonds. The currency and term of the government bonds should be consistent widi the currency and estimated term of the post employment benefit obligations.

Notc:- 41
Share based payments

Compony has reserved issuan ce of 1,00,00,000 (Previous Year: 1,00,00,000) Equity Shares of 1 each for offering to the eligible employees of the Company and its subsidiaries und er I mployec'.S Stock Option Pion 2014 (ESOP 20 14). Duri ng the yc:u the Company has granted 43,000 (Previous Year 19,87,000) Options at a price of 38 per option plus all applicable taxes. The options would ,est over • period of I years. The other disclosure in respect of the ESOP Scheme are as under:

Particulars	Grant I	Grant II	Grant Ill
Option issued	19,37,000	50,000	43,000
Grant date	23 July 2015	8 October 2015	I August 2016
Vesting Period	1 year	lyear	1 year
Exercise Price	38.00	38.00	38.00
Fair market value of OpLions on the lrrnnt date..	67.28	76.18	90.63
Rcmainin!(contractual life (Wc1ghtc<l Months)	4.05	4.05	4.05

"l.JJ.fairml1le of tbtoptio1Jsha.rban drtmnind I Ising tilt Blatk Stlldksmodrl,as «rtijitd!!Jan indqxnden/ t'IJ/mr.

Particulars	31 March 2017	31 March 2016
Openingbalance	19,87,000	
Grnnted during the year	43,000	19,87,000
Exercised during the year	(12,70.100)	
l'iorfcitcd during the year	(98,000)	-
Closing balance	6,61,900	19,87,000

(lhiJspaahaJlitrninlr11tio11al!Jkjibla11k)

Note 42
Financial risk management

Finncial in1 1rum cnt1 by category

Itin lakhs)

	JI March 2017			JI March 2016			I April 201S		
	FVfPL	PVOCI	Amortised coat	FVfPL	FVOCI	Amoniscd coat	FVTPL	FVOCI	Amor-tisffi cotol
Fina11cial assets									
Tndercci,,.bJes			1 ,57,?ltl.59			1,65,537.54			1,32,458.64
Loanct			186.69	-		148.77			156.18
Ca<;:h andai.:h cqul\.lcn1s			8,402.?4		-	5,().10.88	-		2.887.67
Bankdeoosil s		-	3,188.67		-	3,675.32	-		2 478.98
Total financial asse:11	-	-	1,69,6?6.89		-	1,74,402.51	-	-	137 981.46

tlinlakhs)

	JI March 2017			JI March 20 16			I April 2015		
	1"'VTl'L	fVOCI	Amortised COil	FVTPL	FVOCI	Amorti..cd co.t	PVTPL	PVOCI	Amortised cost
Fiiuu1ci'alliabllities									
llorrowi11		-	1,66,I69.72			1,51,962.40			1,2-1,652.2-1
Tradc paJ'l'bb		-	9,686.27			5.211.24			5,199.72
Sccunty depo!s>			(.0874			499.31			441.85
01hm	1.027.56		2,065.01	-		1,076.33			2,002.65
Total financial liabilities	1,027.56	-	I,78,S29.7S	-	-	1,58,749.28	-	-	1,32,4964 6

'The Group's tch\1f.e5 e>;posc it 10 mukct risk, liquidity n k autl cred11 ri.Jk. _ , note cx-plauls 1hc sources of risk wh1ch the cnury is exposed I'O and how the entity manages lhc risk rnd 1he relatedimpac1 iothefinancial 1 1tatcmcnts.

Ri•k	Exoosurr arisina from	I'fcasurcnu:111	Manaa;emcnt
Credll nsk	Ca.sh and ca.sh cqua\'alcnt, trade rccc1Vablc1, ftmncul i"u:me:tsurcd ltunort1scd cos1	Jocnganalysis	Bnk dq><>sits, d1ersif.ca1 ton of asset ba5C and crcd11 limil!I
Liquiduy risk	Uorroumgs and other financial liabilities	Rollingcash flow fottC21.sts	A.._tbbJ11y of commiucJ credit lu-.cs and boff'0\\.'rg hc111hcs
Market risk – Foreign exchange	Futureconunercl1l tran11ac11ons RccogtU>C<l fuianaal asset and lubthucs 001 dcnomarnucd m Indian nmceONU)	Cash £low forco.tangand Scnsfri ityuulystJ	Forv.'1.rd comnct/ httlging
larkct risk-lntcrc:u r.uc	Long tc:nn borrov..ings2.t \-.tnable rates	Sensitivity analysis	Imerest r.ucswaps
Muk cl ri.<.k – Sc::c.uril)	lm CSIIllCIll in cquuy sccunucs	Sensitvity analysis	Ponfolio dwcrs1ficat.on1

The Croup'• nslt. nurugen'<nl d carried ou1 by a cc:111r1i1 maury dqnnmcnt (of the group) under pobc.es appro\ cd by lhc board of d1 1cctors.TI lc board of directon provides wnucn principlefor o,cn.11 riskman..gcmcm.aswellas I>0hocsCO\'Crmgspecificareas.suchasforeigncxc.hu,geti.o:k,mtcret:trntensk,creditriskandu.,estmentofexcessliqu1lily.

A Crtdi1 risk

Credu risk 2ns.H from euh and ath equivalents, trade n:«i,"a.bkt, imitmcnts camcd at amon t:<;;Cd C051 and ckpos ls wtth bmks and fuune11.1 mshfution.s.

Gnl1 risJt 11 ll 11 ll 1.t" "

The fil1111cc function of the Group a.sscss and ma11gcs credit risk ba onul lcm211 credir rntmg system. J ntenUil credit ra1i.ng is pc.rfonncd for each class of financial ulStruments "W 1lh dlfferent tharactcnsucs. lleGroup assignsth foHowingcreditrat;ng"S 10cad,c.1.usof financial M:IS based on theassumpt ions,mpu lsand factors :-pccific 10the classoffinancialassets.

A: Secured,ncg gibk:
lJ:P.nly i;roin:d
C: Unsecured
D:Doub1ful

Aa1c11undercredi1risk-

<tinlakhsl

Credit ratine:	P r1icularv	Jt Man:11 20t 7 (t)	31Match 2016 (t)	!April 2015 (t)
A: Secured.OCPliiMblc				
ll:I'Hdy feeurcd				
C: Unsccurc.d	Tndc rcccw:iblcs	1.57 918.59	I 6,537 54	1,32 458.(..1
	Sccuoty droosits	161.73	131.61	138.28
	Loans 10employees	2)5	17 17	17.89
	Uank dq>OSiU	3141.86	3640.75	2,444.21
	c shand cashequivalents	8402.94	5.Q.l0.88	2,887.67
D: Doubtful	Tradc rccc1\':lblc1	-	1.65	1.1.5

'llic rlsk par.tmcters ire um for all fiiu.nci:tl :a.511ct1 for a.U pcrlOd pn:scn1cd 'llte Group coluKkn the probability of dcfl.uh upon in.ital recogniuon of a.ssct and uhc1her there h2.s n 2 sligmfant mcn:asc in crttl11 risk on an on-goi.ng basis throughout cac.h repeming period. In J,',('11t'l'2l, tt is presumed 1ha1 credit ru:k has s-igni.ficanrly increased sin iutl1al recognition if 1hc paymcn1s :are more than 30 days pasl due. A dcliuh on a f'il1ancOI asM":t i1 when the coumcrparly faa.l:! IU nuke comracrual p:;ayments when chey F.a.U due.This dc.finition of dcfauh is cktcnninct.I by considering t hc bu incss: wironment in which c.mlty opcr.ucland other nucro...cconomlC f.a(tors.

Crwlttri.dt c.'J'NN"

Provi•ion (or expcc1cd credjt louca

IlicGroup providct1 : forexpectedctcdit k>ss based on lifeumcc1pcctcd credit loss mech2nism for&o:rnc,dqXK1 and otherUwcstmcnts-

Ar. al 11 Much 20 I7

rt in lakhs)

Par1iculact	£51imated gross carrying amount al derauh	E><pcc1cd probability or defauh	Expected credit losses	Carrying amoum net or impaimu nt provision
Loarr 10	24.95			24.95
cmpk>).ecs Secu	161.73	0%		161.73
nry dcposi1 Bank	3,141.86	0%		3,141.86
C2hand e:uh CC1unlcnt	a,402.94	Oo		8,402.9 1

Kwalily Limit<d
Notes to the Consolidau d Financial S1a1cnu:nts for the year ended 31ft.farch 2017

Asal ll March2016 (t in lokho)

l'articulan	E&1imated g:rotl carrying amount at dcfauh	Expected probabi lity of defoull	Expecled credi1 IOSStl	Carrying amount net of impainncnt pro\'"ision
Loans	17.17	O'c	-	17.17
S<eurity dcpos;I	131.61	O'b		131.61
Dank dcpos11s	3,<H0.75	3,640.75 O't		
Cash tnd ca$h «1uivalcn1s	5,0t0.88	5.0t0.88 O'		

AsotIApril 2015 in lakhe)

Paniculars	Eslimated groH CllJ'T')'ing Amount at default	Expected probabili1y or dcJaull	Expected credi1 losses	C:H?yin&: 21nount net of impaim1cn 1 provision
Loaus	17.89	O"	-	17.89
Srcur11ydeposn	138.28	O'/.		138.28
Ba11k ckpo,;,.	2,+H.21	O'		2,444.21
Cash and cul1 CQU1\"lk11ul	2,887.67	0"•	-	2,88 57

Expected credil loss for 1rade receivables unde.r timplified approach

It in hakh•)

Ageing	O 1 month s old	l-12 months old	J.2.24 m on 1hs old	24-36 montht old	more: tha.n.36 monlhs old	To1al
Asatll March 2017						
Grosscarrying 1mount	1,40,144.02	17,615.33	152.66	2.45	4.13	1,57,918.59
Expcc lcd loss role	0. 0 .	O.	0.00%	0.00'	000o	
l!xocered cmht loss n1y wlsM>n						
Carrvinl!amountofrradt: rcccivablu	140.144.02	17 615.33	152.66	2.45	4.13	I 57 918.59

(t in lakh•)

Ageing	0-3month• old	J-12 mon1h1 old	12-24 momhs old	24-36 months old	more 1han36 months old	Total
Asa1 31 March 20 l6						
Cross Ofr)u-g amount	1.32.886IO	12,412.00	228.62	12.H		1,65,539. 19
l.!JaCpce•c<1lO••ruc	0.00"	000'•	0.00-	1323'Yo	0.00%	
Exoccted crctli1 loss oro,t\sion		-		1.65		1.65
Carrvinl! amount of trade receivables	'"886.10	32.412.00	228.62	10.82	-	I M 517.S4

llinlalths)

Ageing	0-3 month1old	3-12 nwnll1s old	12-24 mon1b1 old	24..36mon 1hs old	more than 36 mon1h1old	To<al
Asa1 I April 20 l5						
Gross canying amount	1,29,057.14	3,319.50	83.65			1,32,460.29
Expcel<xllossr.1le	0.00'	0	1.97'!.	O.OOt	0.00-'4.	
Exocct«I credit k>st ,,..,wis;,,o			1.65			1.65
Cttvinf? amount of Im.de receivables	I 29057.14	3319.50	82.00	-	-	1.12 458.64

Reconciliation of Expc:c1ed credit loss provision

Particulars	Amount
As at Ill April 20 l5	1.65
Ch:mgefl In pro,rlsion	
As at 3 lst J\tarcb 20 l6	L65
Ch1 111 l>rov1St0tt	(1.65)
Asal 3 lst March 20 l7	

0 Uquidic y ri1k

Prudent liquidityrisk management impliesmau1rnining sufficacut cashand markcrablc sccuri1icsand the avaibbility of fundl.ngthrough anadequ;ucamotuuo(comnilucJ c:rcJ1t f;tol1t1C1 tomtct obli.gato1u when due_ Due to 1he1uturcof lhc businc•, 1hc Group nu.inrams flcx lbdi l)r m fundmg by mamb.ull 1tg2vatbb1liry under comm iued facilities.

Manageme nt moni1orsrolling forccas1sof 1hc Group'sbquidity posirion and ca.sh and a.sh cqm, a&c.us on d.cbasis of cxpcclcd U$h flows. lhc GtOUp ukcs U1loaccount the liquidity of the m:atkc1 m whchthe 011;1yopcn.tcs. 111add1h<:m, the:Group'shqU1cltrymanagement policyin\'01\'CS projectingcash fl<J1,vsinm:tior currcnc.tc.tan<1considering the ic,clof u.id aMCl:Soccessary l0 lncct these. mo11i1ori11glub11ccsheet uid11y tall03 agitUl3lilUtfillal and txrcnul rtgubtory requU.Cmcn1 land nuU11Ai.ning debt fwancwg pbn.s.

Maturities offinancial liabilities

Th tal.llcs below analyse the Group's financial li2bi.Ltscs Uuordc'lnt nuturity groupingt: based on theu- con1ractw.1 ntuunucs for all non-dcn\"211\'C fuuncoJ lablli1 1es. The amounts disclosed 111 1hctabk:arctheco11tracrual und1scountedcashflows.llalanccsdue 111i.n12monthsec1ual1hcirC'rryingb-.1bnccsas 1hcimpactof discouJttingisinsiglulicant.

It in lakhs\

JI March 20 l7	Leas than 1year	lk:tWCClI 1and 2yean	llc1wecn 2and 3 y•a'1	More 1honJ years	To1al
No11-Jeriva1lvcs					
BonowinA'	1,17,114.26	14,884.69	15.248.50	28,JG3.SO	t,75,610.94
Trodc pay.abl<	9,686.27				9,686.27
Secunry dcprn!its	608.74				60874
To1al	I 77409.TI	14,884.69	15248.50	28,36J.50	1,85 90595

tl' in lakhs)

JI March 2016	Less1han Iyear	Between I and 2vcars	Oe1wecn 2 and J vears	More 1ban J vcars	To1al
Non derivatives					
Borro..ings	1,27,173.28	7,3-10.43	6,675.82	17,5<1 7	1,S8,751.09
Trade pay.able	5,211.24				5,211.24
Sccunly deposits	49?1l				499.31
Total	1,32,883.83	7,340.43	6.675.82	17S61.S7	1.64461.64

PP Mukerjee & Associates New Delhi

Kwali1y Limited
Noles 10lh< Consolido!<d Fin:mcial S1a1emtntsfor 1ht yoar tndtd 31 March 2017

(f in lakhs)

I April 2015	Ltss 1h:m1 year	Between I :md 2vcars	Dc:1wccn2and l """"	More than 3 vcan	To1al
Non-<lcrivativca					
Uorro"In.R'	1,10,239..U	4,473.27	4,526.38	8.738.41	1,27,977.52
Tmlc 1r.y:ible	5,19J.72		-		5,199.72
Scc-uritydq>mit!1	441.85		-	-	441.85
Total	1.IS.881.01	4 473.27	4.S26.18	8 738.44	1,3361909

C ltf arke:t risk

Foreign exchange risk

'llic Croup opcr.11c1 i111cma1ionall)• and exposed 10 foreign exchange ru:k arismg from forciw1currency 1n1.1lS<tCho1u (importli u(mare.rials), prinunJy Wlth rcspec1 10 the US Dollar.Euro etc. l ottlgn exchange ruk ansa from future commcrc1al 1r.innctions and recognised asscrs and tGb1l.11ics ck.nominated u1 a currcncy t h.u i.s not the Group's funcuonal curttney. 'lbe Group don nor hedge its forcm cnl'41n tl\ ab/payabk..

ore1u_ncurrencyrikexposure:

Particulars	31 March 2017		31March 2016		1April 2015	
	USO	INR f'inlakhs)	USD	INR (tnlakhs)	USO	INR (t in lakhs)
Jt'M'tt tr:ack ttCC1\ bk	296,48,2 12.2(•	19,223.4?	5,62,11,420114	37,286.67	3,44,70,405.52	21,575.:IO
lhlancc\.virh bankt E.i:port Ean1cr n ForeignCn.:J11 (FH.FC)	3,72,756.21	241.69	7,60,010.84	$().1.14	SS.83	0,03
Tr;1deAdvmcerecci\t"d	(8,9<>~1.40	44.72	90,174.40	60.17	90,174.40	56.78
Import luJc IY.tyablc		-	-		10,85,500	679.42
DurenCredi1 l'>y:iblc			1,35,402.25	89.82		
lmpon C2p;t.ll Crcdi lors P•r•blc			14,900.00	9.88	16,00,000.00	1001415
rorcit:r.1 Cuttmt"v1.oan(1.'11io11lluk ,,f Indil-UJ....	1,39,9'J,997.62	9on.o	89,99,9?9.00	5969.96		

Sensitivity

Thesensiti,itv ofnrofii or losstochaurc ;,,rhccxC'llanr-c ntesarises mai11lv ftom forcil!ll cuttcucv denomin:atcd fioancial in truments. (I' in lakh I)

Particulars	JI March 2017	JI March 2016
USO lmsi1ivi1y		
1'R/USD-ul(ft:lsrbys (31,l.,c112016s i	51919	1,58606
INR/USD-Oecrt:i«'b1•We(31 lorch2016 5•\•	(519.39\	(1,586.06

hucres1 rate risk

1l1e Group's fixed n.tc bofT'O\\ings are a.rried at a.mortl$Cd cosr. n1cy arc therefore no1 subjcc r lu in1cresr r.ttc risk :udefu1cd in Ind AS 107. lincc neither rhe anying :lmoun1 nor the fu1ure mhno..u'lllfluc1Ua1ebecauseofach:tngcinmarkc1inrcrtslr.atu.

TheGroup'sVJrublt:rareborrowu.iu:u subtccttouHcre11rate.Below lstheo,crallexnt\!turr:n frhcborrow1nJ?: "in lolcho\

Paniculan	31March 2017	JI March 2016	IAnril 2015
V2riabler:ue borrowing	1,10,552.59	1.27,0-15.45	1,02,877,0)
F1 ed r:.te bonowmf.t	55617.15	24 916 97	21 975 24
To1al borrowi112s	166169.74	1.51962.42	1?.J852.27

Sensitivity

Profi1ortossissc1111ivctohi2hcr/lo\\o'Crmtcrcs1cxpcn from borrow 11lns :as:aresult ofchanJ:?Cs111 interestrates. It in lakhs\

Particul ars	JI March 2017	JIMarch 2016
Interestra1tscnsitivily		
ln1crc>1 ralcs-i11crcASCby50lmu!"'llll>(prcviou!)'C2r50bps)	830.85	759.81
hucres1raics-decreasebv50bal)1xnn1s(orevt0u!l, car501 '	(830.85)	(759.81'

Price rh1k

GroupJoe5 1101ha'ca11y price mk H u does 11m hokl2111ymre:stmcnts.

PP Mukerjee & Associates
New Delhi
Chartered Accountants

Note -43

Fair value measurements

(i) Fair value hierarchy

l'inancial assets and financial liab1littes measured nt fair value in the statement of financial position arcgrouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of signi ficant inputs *to* the measurement, as follows:

Level l:9uotcd prices (unadjusted) in active markers for financial instnuncnts.

Level 2: The fair ,aluc of financial instruments that arc not traded in an acti"c m!.lrkct os dctennine<l using valuation techniques which ma. imise the use of observable market data rely as li 1 lle as possible on entity specofic estimates.

Level 3: I f one or more of the significaou inputs is not based on observable market datt, the instrument is included in level 3.

(ii) Financial assets and financial liabilities measured alfair value -recurrini? fair value measurements ('in lakhs)

31March 2017	Notes	Level 1	Level 2	Level3	Total
Financia l liabilities					
Dcri\'ati"efinancial instrument	Note I	-	1,027.56	-	1,027.56
Tot:&I financial liabilitie s		-	1,027.56	-	1.027.56

(iii) Financial instruments measured at amortised cost

- The carrying amounts of Trade receivables, Trade payables, capital creditors anJ cash anJ cash c9uivalcnts arc considered to be The same as their fair values, due to their short-term nature.
- 'llic fair value of security deposits were calculotcd based nn cash Ouws JiscountcJ using current lending rate which is not materially different from the rates at which they were initially measured.'11erefore the carrying \'alue is considered to be fau \'aluc of the security deposits.
- The fair value of non-current borrowings arc based on discounted cash nows using current borrowing rate which is nor materially different from the rates at which they were initially measured. Therefore the carrying value is considered to be fair value of the non-currenr borrowings.

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

Specific valuation techniques used to \•aluc financial instruments include:

(a) The use of quoted market prices or Jealcr quotes for similar instruments

(b) l c 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 r.itcs) arc dcri,cd from credit risk grading <lctennined by the Group's internal credit risk management group.

All of the resulting fair 1aluc estimates arc included in level 2.

Note I:

The fair value of derivative financial instrument pertains to upsiJe interest payable *to* lenders of the Company has been certified by a practising chartered accountant. '11e fair value of derivative financial instruments is based on quoted prices and inputs that arc Jirectly or indirectly observable in the nrketplace.

PP Mukerjee & Associates
New Delhi
Chartered Accountants

Note - 44

First time adoption of Ind AS

These are the Group's first financial srntcments prepared in accordance with Ind AS.

The accounting policies set out in note l have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financi.. l statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1April 2015 (the Group's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

A Ind AS optional exemptions

1 Deemedcostforproperty, plant and equipment,investment property andintangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as nr the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Inrnngible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

2 Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind /\S 17, this assessment should be carried out at the inception of the contract or arrangement. Tnd AS 101 provides an option co rn!lke this assessment on the basis of facts and circumsrnnces existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Group has elected toapply this exemption for such contracts/arrangements.

3 Share based payments

Ind AS 102 Share based payments rel1uires an entity to record the options on their fair value instead of intrinsic value. lnd AS 101 permits a first time adopter to ignore such re<1u.inment for rhe options already vested as on transition date that is 31 March 2015. The Group has elected to apply this exemptions for such vested options.

4 Cumulative translation differences

Ind AS 101 permits cumulative gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency trnnslation differences in accordance with Ind AS 21 from the date the subsidiary was formed. The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

B Ind AS mandatory exemptions

1 Estimates

Group's estimates in accordance with Ind ASs at the date of tranition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 arc consistent with the estimates as at the same date made in conformity with pr.,vious GAAP. Th" Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

a) Investment in equity instruments carried at FVTPL or FVOCI
b) Impairment of financial assets based on expected credit loss model.

2 Classification and measurement of financial assets and liabilities

The classification and measurement of fmancial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances ex.isting at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

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a) Theeffects of the retrospective application or retrospective restatement are not determinable;
b) The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of lnd AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, I nd AS 101 allows a fuse-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities dcrccognised as a resulr of past trnnS!lctions w!is obt'.lincd at the time of initially accuunUng fvr those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

C Notes to first time adoption

1 Deferred tax

Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the bal ance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustmcncs arc recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax assets is of 50.62 lakhs on 1April 2015 and (31.80 lakhs lacs on 31March 2016.

2 Othercomprehensive income

Both under previous GAAP and Ind AS, the Group recognised costs nlate<l to its post-employment definc<l benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised to recained earnings through OCL Thus, remcasurements gains of 16.91 lakhs has been reduced from the net profit of the FY 20 15-16 and has been recognised in OCI at (16.91 lakhs. This has no resulting impact on equity.

3 MAT reclassification

Ind AS 12 requires classification of !AT credit as Deferred tax asset. Accordingly, the Group has reclassified MAT credit amounting to (4,404.41 lakhs to Deferred tax asset as at the transition date. Further, MAT credit as at 31 March 2016 amounting to 1,410.81 lakhs has been reclassified as Deferred tax asset. This has no resulting impact on equity or net profit.

4 Reclassifications

The Group has reclassified certain items of assets and liabilities to comply with the requirements of Ind AS. This has no resulting impact on equity and net profit.

5 Cash flows

The transition from previous GAAP to Ind AS has not made a material impact on the statement of cash flows.

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C Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity co reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1 Reconciliation of total equity as at 31 March 2016 and 1 April 2015 (f in lakhs)

	Notes to first time ado tion	31March 2016	lAprilJ 2015
Total equity (shareholder's funds) as per previous GAAP		86,422.09	66,491.86
Adjustments:			
Impact of effective interest rate adjustment on borrowings	Note – I	(54.38)	(61.41)
Impacc of Prepaid processing fees on working capi tal loan	Note – I		(84.86)
Impact of financial assets at amortised cost	Note – I	0.43	0.02
Impact of reversal of proposed dividend	Note – I	(281.97)	(263.26)
Impact of prior period expenses	Note-I	1,380.81	804.41
Tax impact on above adjustments	Note-I	18.82	50.62
Total adjustments		1,063.71	445.52
Total equity as per Ind AS		85,358.38	66,046.34

2 Reconciliation of total comprehensive income for the year ended 31March 2016 (f in lakhs)

	Notes to first time ado tion	31March 2016
Profit after tax as per previous GAAP		17,359.58
Adjustments:	Note- I	
Impact of effective interest rate adjustment on borrowings	Note -I	91.89
Impact of financial assetsat amortised cost	Note -I	0.41
Impact of fair valuation of employee stock options	Note – I	309.25
Impact of prior period expenses	Note -I	576.40
Other comprehensive income - Foreign exchange translation	Note -I	(370.20)
Tax impact on above adjustments	Nore -1	(31.80)
Total adjustments		575.95
Total comprehensive income for the year ended 31March 2016		16,783.63

Note -I

i) Borrowings

A Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying theeffective interest ratemethod.

Under previous GAAP, these transaction costs were charged to profit or loss or capitalised to capital work in progress as and when incurred. Accordingly, borrowings as at 31 March 2016 have been reduced by { 120.50 lacs (1 April 2015 – 61.41 lacs) with a corresponding adjustment to rdcvant head in capital work in progress, statement of profit and loss and retained earnings respectively. The rota! equity increased by an equivalent amount. The profit for the year ended 31 l\farch 2016 reduced by 91.89 lacs as a result of the ad<litional interest expense.

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B Under the prc, ous GAA P, the Group had recognised the entire processing fee paid on working capital loans whereas the facility period remained unexpired as at the balance sheet date. Therefore prepaid expense of 'f N il (I April 2015 84.86 lacs) has lx-cn recognised with a correspond ing adjustment to relevant head in statemen t of profit and loss and retained earnings respectively. Total equity has decreased by an equivalent amount. The profit for the year ended 31 March 2016 reduced by f 84.86 lacs as a result of additional procc.sing fee.

ii) Amorti.scd cost instrument

Under the pre'"ious GAAP, interest fr'C lease security deposits (that arc refundable in cash on completion of the lease term) are recorded at thctr transaction value. Under Ind AS, all financial assets arc required to be recognised at fair value. Accordingly, the Group has fair valued these security deposits under Ind AS. Difference between the fair value and transaccion value of the security deposit has been rccognis '<I as prepaid rent. Consequent to this change, the amou nt of security deposits decreased by 8.00 lacs as at 31 March 2016 (1 April 20 15 —' 1.65 lacs). The prepaid rent increased by 'f 8.17 lacs as at 31 i\larch 2016 (1 April 20 15 - 1.58 lacs). Total equity decre:i.sed by 0.20 lacs as on I April 2015.The profit for the year and total equity as at 31 March 20 16 decreased by 0.41 lacs due to amortisation of the prepaid rent of 1.43 lacs which is partially off-set by the notional interest income of 't 1.02 lacs recognised on security deposits.

iii) Proposed dividend

Under the prc,ious GA.A P, dividends proposed by the board of dircctom after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, P'"ision for proposed di,idend was recognised as a liability. Under Ind AS, such dividends arc recognised when the same is approved by the shareholders in the general mccung. Accordingly, the liability for proposed dividend of '(281 .97 as at 3 1 March 2016 (1 April 2015 -'263.26 lac:s) includt-d under pro\"isions has been reversed with corresponding adjustment to retruncd earnings.

iv) Prior period expenses

Under the prc,-i<ius GAAP, the Group has recognised certain expenses in the financial year subsequent to the year to which the expenses pertain as prior period expenses. Under lnu AS, those expenses have been rcc"b us<-d in the year to which it pertains "ith a corresponding adjustment to relevan t head in statement of profit and loss and retained earnings rcspt-ctivcly. Total equity has decreased by an equival ent amount. The profit for the year ended 31 March 2016 r<-duccd by 576.40 lacs as a result of additional processing expensed off and in 'fest on income relating to previous years.

v) Employee stock option expense

Under the previous GAA I', the cost of cquity-scukd employee share-based plan were recognised using the intrinsic value method. Under I nd AS, the cost of equity sculcd sharc-ba.cd plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount rccogniS(.-d in share option outstanding account increased by t 309.25 lacs as at 31 March 2016 (1 April 2015- t Ni . lne profit for the year end-d 31 March 2016 decreased by 309.25 lnes. "!"here is no impact on lotal equi ty.

vl) **OcrerreJ tax**

Retain ed earnings has increased by 31.80 lakhs as at 31 March 2016 (1 J\pril 20 15- decreased by 50.62 lakhs) has been adjusted conS(."JUCnt to the above Ind \S tra nsition adjustments with corrcspondmg tmpac1 10 deferred tax.

vii) Retained earnings

Retained earnings as at I April 2015 has been adjusted consequent to the above Ind AS transmon adjustments.

,iii) Other comprchcosivc income

Under Ind AS. all irems of income and expense recognised in a period should be mcludc-d in profit or loss for the pcciod,unless a standard requires or permits otherwise. Items of income and expen se that arc not recognised in profit or loss but arc shown in the statement of profit and loss as 'other comprehensive income' includes re-me•<urements of defined benefit plans and translation of foreign subsidi,ry into presentation currency other than its functional currency. The concept of other comprehensive income did not cx1St under previous GAA P.

Note - 45 ('in lakhs)

Disclosure under Part Ill of tbe Schedule Ill of tbc Companies Act, 2013

Name of the entity in the Group	Net assets		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 consolidat<:d profit and loss	Amount	As a % of consolidated other cowprcbeosive income	A.1nount	As% of consolidated total comprehensive incom	Asno u.ot
Kwalitv Limited	89.37%	99,852.'>2	84.63%	16,430.06	0.97%	(1.57)	85.33%	16,428.49
Subsidiary - Foreign								
- Kwality Dairy Products f'ZE	10.63%	11,877.24	15.37%	2,984.84	99.03%	(160.55)	14.67%	2,824.29
Total	100.00%	1,11,730.16	100.00%	19,414.91	100.00%	(162.12)	100.00%	19,252.79

PP Mukerjee & Associates
New Delhi
Chartered Accountants

Kwality Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2017

Note- 46

Segment reporting

The Group 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' as specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended) is considered to be the only reportable business segment.

A	Revenue from external customers	31 March 2017	31 March 2016
	India	5,72,167.87	4,92,762.56
	UAE	72,827.98	67,794.06
	Foreign countries	42,126.75	74,239.73
	Total	6,87,122.59	6,34,796.35

B The Group does not have revenue transactions with a single external customer amounting to 10 percent or more of Company's reported revenues.

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

CA P.P.Mukerjee
Membership No. 089854
Proprietor

Place: New Delhi
Date: 26 May 2017

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director
[DIN:00025376]

(Sidhant Gupta)
Director
[DIN:00555513]

(Satish Kumar Gupta)
Chief Financial Officer
PAN : AFUPG2708 P

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

P. P. MUKERJEE & ASSOCIATES

Chartered Accountants

11-Pratap Enclave, Mohan Garden,
Uttam Nagar, New Delhi-110059.
Email ca.ppmukerjee@gmail.com
Mobile : 971 1009361

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.: 023276N

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 3pt 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

P.R. Mukerjee & As... New Delhi *

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 theyear covered by our audit.

(xi) According tothe 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 ofthe Act read with Schedule V tothe 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, I 934.

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

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 Kwality 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 infonnation, 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 Chaitered 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 perfonning 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 (I) 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.: 023276N

P.P. Mukerjee
Proprietor
Membership No.: 089854

Place: New Delhi
Date: 26th May, 2017

Kwality Limited
Summary of significant accounting policies and other explanatory information for the year ended 31March 2017

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 fmancial 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.

Tiu:: Cumpauy[1]:; cash aml ca:;h c::yu.ivalc:uL :;, uaJc:: auJ 11 lu:;L uu1c::r rc::cc::.ivablt:s fall u1Lo Lhis category of fmancial instruments.

Financial assets at FVTPL

Financial assets at FVTPL include fmancial assets that either do not meet the criteria for amortised cost classification or are equity instruments held for trading 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.

Financial assets at FVOCI

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

FVOCI 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.

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 fmancial 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 inaccordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adju sted 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 deriva tive 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/ Ooss) is recognised accounted in statement of profit and loss.

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, torealise the assets and settle the liabilities simultaneously.

PP Mukerjee & Associates
New Delhi
Char... ...tants

Kwality Limited

Noles lo the Standalone Financials Statements for the year ended 31 March 2017

D Reconciliation s between previou s GAAP and Ind AS

Ind AS l01 requires an entity to reconcile equity, total compreh('nsive income and cash flows for prior periods. The following tables represent the reconciliations from previous GA.AP to Ind AS.

1 Reconciliation of total equity as at 31March 2016 and 1April 2015 (t in lakhs)

Particulars	No1es to first time adoption	31March 2016	1April2015
Total equity (shareholder's funds) as per previous GAAP		77,369.15	60,743.91
Adjustments:			
Impact of effective interest rate adjuscmenc on borrowings	Note-I	(54.38)	(61.41)
Impact of Prepaid processing fees on working capital loan			(84.86)
Impact of financial assetsat amortised cost		0.43	0.020
Impact of reversal of proposed dividend		(2R1.97)	(26H6)
Impact of prior period expenses		1,380.81	804.41
Tax impact on above adjustments		18.82	50.62
Toral adjustments		1,063.71	445.52
Tora! equity as per IndAS		76,305.44	60,298.39

2 Reconciliation of total comprehensive i.ncome for the year ended 31March 2016 (? in lakhs)

Particulars	Notes to first time adoption	31March 2016
Profit after tax as per previous GAAP		14,424.79
Adjustments;		
Impact of effective interest rate adjustment on borrowings	Note I	91.89
Impact of financial assets at amortised cost	Note I	0.41
Lnpact of fair valuation of employee stock options	ore I	309.25
Impact of prior period expenses	Note 1	576.40
Tax impact onaboveadjustments	Note I	(31.80)
Total adjustments		946.15
Total comprehensive income for the year ended 31March 2016		13,478.64

PP Mukerjee & Associates
New Delhi
Chartered Accountants

Kwality Limited

Notes to tl1e Standalone Financials Statements for the year ended 31March 2017

a) The effects of the retrospective application oc retrospective restatement arc not determinable;

b) The retrospective application or restatement requires assumptions about what management's intent would have been in that p1;:riod;

The retrospective application or retrospective restatement retJliircs significant estimates of amounts and it is impossible: to distinguish objectively information about those estimates that existed at that time:.

3 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided th t the information needed to apply Ind AS 109 to financial assets and financial liabilitjes derecognised as a result of past transactions was obraim.:d at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of lnd AS 109 prospectively from the date of tcansjtion to Ind AS.

C Notes to first time adoption

1 Deferred tax

Previous GAAP required deferred tax accounting using the income statement approach, which focuses C'n differenct;:S between ta.x able profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its ta.x base. The application of Incl AS 12 approach has resulted in recognition of dt:fc.:rred taX on new temporary differences which was not required under previous GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such llifferences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax assets is of 50.62 lakhs on 1 April 2015 and 31.80 lakhs lacs on 31 March 2016.

2 Othercomprehensiveincome

Both under previous GA.AP and Ind AS, the Company recognise<l costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial !)a.in s and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of acruarial wiins and losses, the effect of the asset cciljng, cxcluiling amoun1 s included in net interest on the net defini;<l bcndit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] ar1;: recognised to retained earnings duough OCI. Tims, rcmeasurements gains of 16.91 lakhs has been reduced from the net profit of the FY 2015-16 and has been recognised in OCI at 16.91 lakhs. This has no resulting impact on equity.

3 MAT reclassification

Ind AS 12 requires classification of MAT credit as Deferred tax asset. Accordingly, the Company has reclassified l\IAT credit amounting to 4,404.41 lakhs to Deferred tax asset as at the transition date. Further, l'vlAT credit as at 31 March 2016 amounting to 1,410.81 lakhs has been reclassified as Deferred rax asset This has no resultin0 impact on eciwry or net profit.

4 Reclassifications

The Company has reclassified c1;:rtain items of assets and liabilities to comply with the requirements of Tnd AS. This has no resulting impact on c9uity and ni;t profit.

5 Cash flows

The transition from previous GAAP to Ind AS has not made a mMerial impact on the statement of cash flows.

(This space hos bemil1te1l/io1lol!J left bla1lk)

PP Mukerjee & Associates New Delhi Chartered Accountants

Cm/itnsk txpoJMrr

Provision for expected ettd.it losses

nl cComplnypro,.i<Jes forexl>ecrcdcredit 011b..K"CIv11lifoli1ncexpectedcrcd11lossmcclm1u11111>rk>a1ls.depositsa1ldoihtrinvestments-

M at JI March 20 I7 — Ct in lokh•)

Particulars	Ettim21edgro.. carryinu amount at default	Ex:pecced probabi lity or dcfru.1h	Expcoc1<dettdi1 losses	Carrying amount net of impairm ent provision
Loant 10empk>,ces	24.95	00		24.?S
Security deposit	14J.J5	0%		t43 \5
Bank deposiu	849.72	O'.		849.72
Ca.sh and casht:e1u1V21k-n1s	8,028.29	<l!		8,028.:?9

Asal 31Ma<eh 20t6 — (t in lokhs)

Paniculan	E1eimated gross corrying amount at dcfauh	Expected probability of default	Expcocted cr<dit lossu	Carrying amount net of imp::tirmrnl prov1 ion
Loa.1	17.t 7	O'		17.1
Sec:ur1ty dqxH1t	114.3?	O'		114.3
DanL: ckposm	2,145 25	O		2.145.25
Cashandcahcquink:111	3,130.98	O		3,330.98

A•at t Aoril 2015 — (t ln lakhs)

t>aniculars	EStimatcd gross carrying amounl at dcfaull	Expcoctcd probability of default	Expcoc lcd credit louc•	Carrying amount net of impainucnt provi•ion
Loans	t7 89	O'o		17 89
Sccunl) lkposl	t24.8-I	0%		124.84
Dank dcposi11	1,213.22	O'.		1,213.22
Caah a11J cash CtjUn'J.lc:nl:!	1.802.82	O'		1,802.82

Expectedcrc:dit 1011ror1radereceivablesundersimplified appr03Ch

ff in lakh1\

A1tcin11	0-J months old	.}-12 months old	tz.Z.. months old	24-36m onths old	more than 36 months old	Total
As at 31M0<ch 20t7						
Gm5$ arrymgamounr	1,21,811.12	15,377.11	152.66	2.45	4.13	1,37,37.18
Expected lo'r:ate	0.00".	0.00'	0.00'	0.00"	0.00	
r'...X.......,.tt<:f Ctt<ht loss orov:i.:0t1	-					
Carrvini! amount of trade rtcci vablr•	t 2t 811.t2	1§ Jn II	152.66	2.45		1.37.34748

(tn lakJ11)

Ageing	0-3months old	J-12 momhs old	12-24 months old	24-36months old	more than l6 months old	Total
As at 31 March 2016						
Gross Ci\rryiug 'momu	t ,17,561.t6	24,1 17.95	22R 62	12.47		t,4 1,920.20
Expected Ion r.uc	0.00'.	0.()09	0.00'.	t1.23•/•	0.()(),	
E.xnttttd ettdu lo!ts oro, it00				1.65		1.6,
Carryino amount of trade receivables	t t7 S6Lt6	24 117.95	228.62	10.82		14L9l8.SS

Clinlakhs)

Ageing	0-3 months old	1-12 m on1h1 old	12-24 months old	24 36 mon11u1old	more than 36 monthsold	Toeal
M at I April 2015						
Gross carrying amount	1.13.896.4,	t,157.28	83.65			1,15,137.36
l.i.xpectcJ loss nlC	0.00'.	0.009	1.97%	0.00' •	0.00'/	
P',_xpcctcd credit loss Or0\L."t00		-	I 65	1.6		
Carrvin&?: amount of trade tt:ctivablts -	113896.43	1157.28	82.00	-	I 15 135.71	

Reconciliation of Expected crtdi1 loss provision

Paniculars	Amount
As at 1st April 2015	1.65
Changes m pt0\'ISion	
As a1 3151 March 2016	165
Chan& fl in prov-ston	(Ll•S)
Asal list March 20t7	-

B Uquidily ri•k

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Maturities of financial liabili1ic1

'Ille rabies bclo"i\11J1)SC the Company's fuuncial liabilities UltO re&e,":lot nutunl)' groupin b.tI O•I 1hctt• coll1ncml nuw.-itoe.. f(,)C' a1J 1w1t-tW1.";11 1tH fmjmcu.1 lu.bilit!C'.• tlle amoum c 1.liK.loKJ tn1hc i-..bk :tre the coninct\dl undtSCoumcd ash flows.1)abnccs due wuhm 12month f<1ual thetr carrymg balances as 1he impact of discounti11g iJ ulsignificaot.

(₹ iu lakh1)

JI Match 20l7	WI 1han 1ytar	lktween 1and 2 fCOU"1	lktwccn 2 and l years	Mo,-c1hanl y<0n	Total
Non-<lcrivatives					
llorro\\ings	1,02,106.62	14,82l58	15,20-l.63	28,150.16	l,60,290.98
T111dcp•jble	8,674.22				8,674.22
Sccun1y dcposiis	<>08 74				608.74
To1al	l11.389.58	14,829.58	15,204.63	28 150.16	169573.95

rt In lakhs)

JI Match 2016	uss 1han lytor	Between 1and 2ycan	Dctwccn 2 and J ycan	More 11tanJ vcan	Tora!
Non-<lcrivatives					
Borrowi1•gs	1,08,956.96	7.301.74	6,633.04	17,334.69	1,40,226.44
T111dc by.abl<	3,933.)•)				J,9JJ.59
Sccunty dcoosits	499.J 1				499.JI
To1al	I U.389.86	7.JOl.74	6.633.04	17.334.69	L44 6S9.J4

(t in lakh1)

\pril 2015	uu 1ban I year	Between I and 2 vcan	lk1wccn 2andl ycani	Mo<e 1han 3 ye.,.	To1al
Noncrivativca					
llorrowtnAS	95,375.0ll	4,455.61	4,509.81	8,506.84	l,12,847.25
Trodc p:l)'>blc	5,1 13.86				S,llJ.86
Sccuritv d\fV\s.11S	441.85		-		441.85
Total	I 00 9.10.70	4 455.61	4 509.81	8 506.84	1,18402.96

C Market risk
foreign exchange risk

Tht Compllly opcra 1es 1ntcm;uionatl)' and ts exposed 10 forcigi1 exch•mgc risk ansu1g from forciw• currency tnnsacrK>ru (unports of matcriab), primuily "'1h rtspec110 the US Dolbr. Euro CIC. Foreign exchange n.sk ari.. s from furutt commcrc.al tnnsactiont all<I recognised a.sscr" ;md habili11C$ dcnommalcd t11 a curreocy that 11 oot the compa11y's fuoctional currency. Th(' Comp•mr docs nor hedge IU forc1g11 cxd11rnbc recetvlblcs/payabk!s..

Foreia-n currencv risk o:i>0aurc:

Particulars	JI March 2017		JI March 2UI6		I April 2015	
	USO	INK //in lakhs)	USO	INR (inlaldul)	USO	INR (tinlaldu)
f•Jpon trade rcce lv:abk	2.96,48,212.21>	19,223.49	5,62,11,420.&1	37,2116.67	3,44,70,405.52	21.575.30
B•lancewi1hbanks•Exponllamcr111ForctgtlCrcd11(EEFC)	3,72,756.21	241.69	7,60,0IO.IW	5Q.l.14	55.88	0.()3
Import 1radcpapblc			-	-	10,85,500.00	679.42
Bure"cn-d11 plyablc			1,35,402.25	8982		
lmpon capottl cn:duon p•pblc			l'i,900.00	9.88	16,00,000.00	1,001.45
forcil\u currcnq• loan (U1110n llank of India - Uli)	1.19QQ.997<2	on.lQ	8999.999.90	'\961)9f)		

Sensi1ivlty
11C Knslli;1y of orofit or k>s to chanecs 1111hc exch:uure ntcs an.-.cs mainlv from foreinn cuttcnc ,•tlcnomut. cd fi11a11cial instruments.

(lin lakh1l

Parti culars	31March 2017	31Match 2016
USO lcu1ithi1y		
1 'R/USD- uocrea'.<by s .(31March 20165') □	519.39	1,586.1)6
IN R/ USD......lccn:asc bv S*o (31 March 2016 5•0)•	(519.39)	(1'i86.061

lntcrc ln nuc risk

IM Compan y>• fo.cJ rue1x>nuwhgs uc amed u 2lhomsed cost.lllC)' arc rhercfo,.c 1101 sub1cct I0 mt crest ntc ri:fk a s defmed Ua IHd AS I07, smcc neuher the carrying amount oor tht future casl1 nows will fluctual c becau se of a change in market m1crclu n.1c1.

Th"Con11l;-lny' rU.bkrat born7Wu1g ll8U 110uUt'tt'll r:uc ISclow as theo..r.-..11c"ousurcof11bottowtnr. rtin lakh sl

Particulars	JI Match 2017	JI llf arch 2016	I A oril 2015
Va.riablc ntc bonuwii'g	1,10,552.59	1,27,043.99	1,02,877.02
h.\:cd r1 1c borrow.on	40,297 19	641 t.18	6,3-H.93
Totnl bo,-rowine.t1	ISO 849.78	133455.17	1,09722.00

Sc11si1ivity

Profil nr lon JC11si1i,c to h hcr/ lower i111crcs1 cx1>ense from borrou..'lnl?S as a result of chanP:C 111 in1crc..1r.1 l:s (lin lakhs)

Particulars	31Match 2017	31llfarch 2016
hu crell ra lc lcnsi1ivity		
lntcrcsl rates -UlCtt:a;;c by 50 b;u:u po11Hs (prcvt0us)Car 50 bps)	75.J.25	SH.89
Interest rates-decrease bv 50 b:asiJ f)Ot11s (prenous, car 50 bps)	n54.25l	l574.89)

P,-icc ri1k

Company does not have any price risk.

PP Mukerjee & Associates
New Delhi
Chartered Accountants

Note-I

i) Borrowings

A Ind AS 109 requires tr:msoction costs incurred t owards orogmation of borrowinJ;> 10 be deducted from the carrying amount of borrowings on initial **rcc::ogn.it.ion. These costs arc n-ccsn1scd in the profit or loss over the tenure of the borrowmg as part of the intc.-cs1 expense by applying the cffccuvc inlCrCSI rnte method.**

Under prc,ious GAAP, these transaction costs were char&ed to profit or loss or capimlised 10 capital work in progress as and when incurred. Accordingly, borrowings as at 31 March 2016 have lx'.Cn reduced by 120.50 lacs (I April 2015 — 61.41 lacs) with a corresponding adjustment to relevant head in capital work in progress, statement of profit and loss and retained earnings respectively. 'I'he total equity increased by an equivalent amount. ''he profit for the year ended 31 March 2016 rt-duccd by 91.89 lacs as a result of the additional interest expense.

B Under the previous GAAi', the Company had recognised the entire processing fee paid on working capital loans whereas the facility period remained unexpired as at the balance sheet <late. "lhcrefore prepaid dxnsc of Nil (1 April 2015 84.86 lacs) has been recognised with a corresponding adjustment LO relevant head in statement of profit and loss and retained camings respective!)'- Total equity has dccrc•sed by an equivalent amount. 111c profit for the year ended 31 March 2016 reduced by '84.86 lacs as a result of additional processing fee.

ii) **Amortised cost ins1rumeo1**

Under tJic prcv1oull CA.AP, in1e1 c5t free lease sccunty deposits (that are refundable in cash on complct.ion of the lease tcnn) arc recorded u their transaction ,alue. Under Ind AS, all r.nancial assets are r "tjuired LO be recogruscd at fair'alue. Accordingly. the Company has fair valued these security deposits under Ind AS. Difference between 1hc fair value and transaction value of the security Ucposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by 8.00 lacs as at 31 March 2016 (1 April 2015 — '1.65 lacs). 'Inc prepaid rent increased by '8.17 lacs as at 31 March 2016 (1 April 2015 - '1.58 lacs). Total equiry decreased by '0.20 Iocs ,.on I April 2015. The profit for the year and iota! equity as at 31 March 2016 decreased by 0.41 lacs due to omortisacion of the prepaid rent of 1.43 locs which is partialli• off-set by the notional interest income of '1.02 recognised on security deposits.

iii) Propuscd dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the fmancial statements were considered as adjusting events. Accordingly, pro"ision for proposed di, dcnd was recognised as a liability. Under Ind AS, such dividends arc recognised when the same is approved by the shareholders in the general mcctini;. Accordingly, the liabiht)' for proposed dividend of 281.97 as at 31 March 2016 (I April 2015 - 263.26 lacs) included under pro•'isions has been reversed with corresponding adjustment to retaincCI camings.

I*) **Prior oeriod cxocnsce**

Under the previou• GAA, the Company has recOb•nised certain expenses in the r.nancial year subscqu0111 to the year 10 which the expenses pcrtam as prior period expenses. Under Ind AS, those expenses have been recognised in the year to which it pertains with a corresponding adjustment to relevant head in •totem"" of profit and loss and rctaii1L'<l earnings rcspecth cly. Total equity hos decreased by on equival01 amount. lhe profit for the year ended 31 March 2016 reduced by 576.40 lacs as a result of additional processing expensed off and interest on income relating 10 previous years.

v) Employee stock option expense

Under the pmous GAAi', the cost of equity-settled employee share-based plan were rccoimiscd using the inlrinsic value method. Under Ind AS, the cost of equity settled shore-based plan is recognised based on tl1e fair \•aluc of the options ..•• 1hc gmnt date. Con0<:<jucntly, the amount rccogmsed in share option outstand111g account increased by '309.25 lacs as or 31 March 2016 (1 April 2015- 'Nil). "the profit for the year ended 31 March 2016 decreased by 309.25 lacs. " here is no impact on total equity.

vi) Deferred tax

Retained earnings has increased by '31.80 bes as ot 31 March 2016 (I April 2015- dccrcascd by '50.62 lacs) has been adjusted consequenl to the above Ind AS transition adjustments with corresponding impact to deferred t2X.

vii) **Rcrained eanli.ngs**

Retained earning:< as at I April 2015 has been adjusted consequent lo the above Ind AS 1mnsition adjustmClHS.

viii) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be include<!in profit or loss for the period, unless a standard requires or permits **otherwise. Items of income and expense lhat are not n-cogmscd III profit or loss bu1 arc shown in the statement of profil and loss as 'other comprehensive** income' includes re-measurements of defined benefit plans. The concept of other comprehensi»e income did not exist under previous GAAP.

Notc -47

'l11c Company is primarily enbraged in the busmcss of ptoccssir manufoctul ing and Lrndiog of milk, milk products & dairy products, which as per Indian Accounting Standard - I08 on 'Operating S.'lllents' as specified under Section 133 of the Companies Act, 2013 read with Ruic 7 of Companies (Accounts) Rules, 2014 (as amended) IS considered to be the only report•blc business segment.

A

Revenue from excemal customers	31 March 2017	31 March 2016
India	572 167.87	4 92 762.56
I,.orciQ11 countries	40898.28	73 051.38
Total	6,13 066.15	5 65813.94

B **11ic Company doc 1101 h:wc revenue transaclions with a single external customc amounting to 10 percent or more of Company's reported re\'COues.**

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

CA P.P.Mukerjcc
Membership No.089854
Proprietor

Place: New Delhi
Date:26 May 2017

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director
[DIN:00025376]

(Sidhant Gupta)
Director
[DIN:00565513]

(Satish Kumar Gupta)
Chief Financial Offcier
PAN : AEUPG2708P

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

Kwalj1y Limi1cd

Slandalonc Balance Sheet as at 31March 2017

	Notes	As at 31March 2017	As at 31 March 2016	As al 1April 2015
				('t in lakhs)
ASSETS				
Non-cuJ acnt assets				
Property, plant and c9uipmcn 1	6	42,981.57	6,388.15	6,068.62
Capital work-in-prO!;rCSS		662.15	19,406.44	11,836.17
Inmngible assets		134.22	138.68	4.09
Financial assets				
Investments	8	1,902.75	1,902.75	1,902.75
Loons	9 A	68.89	50.69	50.91
Othcl' fin:l.ncial assets	10	264.15	72.58	167.3<>
Deferred rox assers (net)	11	822.67	2,571.64	4,500.79
Other non-<:urrcnt assets	12 1\	27 167.44	16442.01	4347.81
		74,003.84	46,97294	28,878.50
Current assc1s				
Inventories	13	31.091.85	14,260.64	26,457.86
Financial Assets				
Trade receivables	14	1,37.347.48	1,41,918.55	1,15,135.71
CashandC:\sh e<.1uivalcnt	15	8,028.29	3,330.98	1,802.82
Olhcr banh balances	16	632.38	Z.107.ZJ	1,080.64
Loans	9 B	99.41	80.86	91.82
Other currc111 3$1$	12 13	23 339.8\	17.4tl\OO	t 2Jl6 1.15
		2,00,539.24	1,79,116.26	J,56,630.20
		2,74,543.08	2,26,08920	1,85,508.70
EQUITY ANO LIABILITIES				
Equj1y				
E<juity 'hare cap1rol	17	2,373.56	2,239.12	2.187.30
Other t"l""l	18	97,479.\7	74.()(.0,'\0	58 111 IIR
Total of Equity		99,852.93	76,305.42	60,298.38
LibilitieG				
Non-.currcnt liabilities				
I+"inancial li:ibilitici'				
UorrowinJ'11	19 1\	49,99').61	2j.J68.09	14,503.77
Olhcr :inancial liabilitic•	22 A	1,027.56		
Prorisi<ns	20 A	270.24	183.22	139.0<
		51,297.41	25,35131	14,642.83
Current liabilities				
f.'i1m11cialliabilities				
Borrowings	19 II	93,694.30	1,0\286.19	94.00G.GK
Trodc Pl) •blco	21	8,674.ZZ	3.m.5?	5.113.8(1
Other financial liabilities	22B	9,757.35	6,554.65	3,<.48.82
Other current liabilities	23	932.27	6.142.12	4.1so.n
Pro\ isions	20 II	240.17	89.86	50.74
Curren• tax liabiliu cs (net)	24	5,094.41	4,426.0li	3 5(•7.'!7
		1,23,392.74	1,24,432.47	1,10,567.49
		2,7 ,53.08	2,26,089.20	1,85,508.70

Summary of sig111icam accountmg pohcles 5

'Ilic accomp11lying notes arc intcgrnl part of the st;mdalunc financial st:ltcmcn1s

'llii**s** is1ir babncc sheet rcferr<.>(l10in our reportofc\cnc.brc.

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

New Delhi

CA P.f'.Mukcrjee
Membership No. 089854
Propr;etor

Place: New Delhi
Date: 26 Muy 2017

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director
[DIN:00025376]

(Sidhant Gupta)
Director
[DIN:00565613]

(Sn ' Kumar Gupta)
Ch_icfFinancial Officer
PAN :AEUI'G2708P

(Pradccp K.Srivastava)
Company Sccrcl.l<y
M.No. FCS6763

Kwality Limited

Standalone Statement of profit and loss for the year ended 31 March 2017

(t in lakhs)

	Notes		For the year ended 31March 2017	For the year ended 31March 2016
Revenue				
Revenue from operations	25		li.H.12f.1\I\	ig,Q!l/.17
Uther111comc	26		1,330.66	2 94 1.94
			6,14,457.Z1	5,68,769.21
Expenses				
Cos1 of materials consumed	27		4,90,087.73	3,72,393.27
Purchase of s1ock-in-trndc	28		77,688.71	1,31,527.72
Changc!iiin invcncorics of finished goods, workingin prOE;rCss and stock-in-trade	29		(16,7 14.68)	12,542.40
Employee benefits expense	30		3,785.43	3,582.5 1
Finance cost	31		16,990.27	14,831.76
Depreciation and amortisation expense	6		2,171.39	2,2113.48
F.xcisc Duty Paad	32	A	4.00	0.16
Other expenses	32	13	17,073. 79	11,103.74
			5,91,086.64	5,48,265.04
Profit before tax			23,370.57	20,504.17
Tax expense	33		6,940.51	7,042.46
Profit after tax			16,430.06	13,461.71
Other comprehensive income	34			
A (i) Re-measurements gain/ loss on employee benefits				
(ii) Income tax relating rc-measurcme 111sgain/loss on employee benefits			(Z.40)	16.91
Other comprehensive income for the year			0.83	
			1.57}	16.91
Total comprchcosivc income fur t11e year			16,428.49	13,478.62
Earnings per equity share	35			
13asic				
Diluted			6.97	6.15
			6.94	6.00
Summa') of Mg;mftc.ant accountmg pohc1cs	5			

'I'hc accompanying notes arc intcgnl part of the tandalvnc financial statements

This is 1hc sta1cmcnt of profit or loss ceferred to in our report of c,□cn date.

for P.P. Mukcrjcc & Associates
Chanc:red Account2nts
Firm's Registration No. 023276N

CA P.P. Mukcrjcc
Membership No. 0898!>4
Proprietor

For and on behalf of the Boa of Directors

Managing Di c
(Sanjay Dhingra)

(Si Gupta)
Director
[DIN 00535513]

Chief Financial Officer
PAN :AEUPG2708P

(Pradccp K.. S,-ivauav:..)
Company Secretary
M.No.FCS676.1

Place: New Delhi
Date:26 May 2017

Kwality Limited

Standa1one Statement of changes in equity for the year ended 31March 2017

A Equity Share Capital (f in lakhs)

Particulars	Balance as at lApril 2015	Issue of equity share capital during the year	Balance as at 31March 2016	Issue of equity share capital during the year	Balance as at 31 Much 2017
&iuicv share capital	2 187.30	51.81	2239.12	134.44	2,373.56

B Other Equity in lakhs)

Particufars	Share application money pending allotment	Monies received against share warrants	Reserves& Surplus			Other comprehensive income:-Reserve	Total equity attributable to equity holders of the company
			Securities Premium Reserve	Employee's stock options outstanding	Retained Earnings	Remeasurement of defined bc.ncfit plans	
Balance as at I April 2015	-	1,875.00	7,344.56	-	48,891.52	-	58,111.08
Prulit fur the year	-	-		-	13,461.7 1	-	13,461.71
Oi,idends	-	-	-	-	(218.73)	-	(218.73)
Tax on dividends	-	-	-	-	(44.53)	-	(44.53)
Amount rcoci,ed again st Share Worrants	-	1,875.00	-	-	-	-	1,875.00
Share warrants issued during the year	-	-	-	-	-	-	-
Employee stock opcion expense	-		-	916.67	-	-	916.67
Securities premium received on issue of shares	-	-	2,448.19	-	-	-	2,448.19
Sha.re warrants con\ertcd into cquuy shares	-	(2.500.00)	-	-	-	-	(2,500.00)
Others		-	-	-	-	16.91	16.91
Balance as al 31March 2016	-	1,250.00	9792.75	916.67	62 089.97	16.91	74,066.30
Profit for the year	-	-	-	-	16,430.06	-	16,430.06
Dividends	-	-	-	-	(236.09)	-	(236.09)
Tax on dividends	-	-	-	-	(48.06)		(48.06)
/\mounc rcoci, cd against Share Warr.ints	-	3,750.00	-	-	-	-	3,750.00
Share warrants issued during the year	-	625.00	-	-	-		625.00
Employee stock option expense	-		-	384.58	-		384.58
Employee stock option exercised/lapsed dunng the year	-	-	-	(854.53)	-	-	(854.53)
&curities premium received on issue of shares	-	-	8,202.72	-	-	-	6,ZOZ.72
Share warrants converted into equity shares	-	(5,000.00)					(5.000.00)
Application money pcndin allotment	160.93		-	-	-	-	160.93
Others	-	-	-	-	-	(1.57)	(1.57)
Balance as at 31March 2017	160.93	625.00	17995.47	446.72	78,23591	1534	97 479.37

Summary of significant accounting policies 5

'J'hc accompanying notes arc integral part of the srandalonc financial statcmc.:nrs

This ts the statement of changi.'.S in equity referred to in our report of c,cn date.

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

CA P.P. Mukerjee
Membership No. 089854
Proprietor

Place: New Delhi
Date: 26 May 2017

(Sanjay Dhingra)
Managing Director
PAN :AEUPG2708P

For and on behalf of the Board of Directors

(Sidhant Gupta)
Director
[DIN:00555513]

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

Kwaliiy Umittd

Siaodaloo• Cash Flow Stattmtnl for th• yur tnded 31 March 2017

	As at 31 March 2017	As at 31 March 2016
		(t in lakhs)
A CASH FLOW FROM OPERATING ACTfVITIES		
Profit before tox	23,370.57	20,5Q.l.17
Adjustments for:		
Deprec&at10tl2ndamoruttonexpense	2,t71.39	2,283.48
Gamoıd1spos:llof fixedasS<!ts(net)	(t.5.85)	5.69
Intercst income	(205.49)	(223.J7)
G.unonforeigncurrency 1r.tnsac.tion< (nc1)	299.52	471.22
Finance costs	16,990.27	14.831.76
Sha.tebased p2ynlC11expc.1bC	38-158	916.67
Mo\etnent u1provision for employee bcncfils and others	237.33	83.27
Deri\'>ti,c h•bthty expcnS<	700.63	
Operating pro6t before working capital changes	43,932.95	38,872.89
Movr.mentin 1mrl0ng •ri11		
Dccrcasc/{Incrcasc) in current loans	(18.55)	10.96
Decrease/(lncrcasc) in ilwentones	(16,631.21)	12,197.22
Dccrcase/(Iucreasc) in other financi!ll:asse1s	1,47485	(1,026.59)
Dccre:tise/(lncrcasc)u1otherassctS	(5,921.82)	(5.356.66)
()cc_rc::tic/(lncrea.sc} o1 othcl' noo current asset:s	(10,725.H)	(12,Q9.1.20)
Dccreosc/(lncn::ase) in<r>dc>nd other rcccwables	3,833.14	(27,254.0R)
(D«rc:t.sc)/Incrc:aiscin otherfinauc1al liab1li1ics	296.61	(1,006.'l-I)
(Dccreuc)/ Incrc>le u1 01hcr lub1b11cs	(207.70)	t,962.00
(Decrcasc)/lncrcascin tndeondorhcrp•)'llbles	4,740.6-1	(1,180.25)
Cash Row from operating activities post working capital changes	20,573.48	5,124.95
Income tax paid (net)	(4,523.16)	(4,254-46)
Net cQSh Oow from operating accivities (A)	16,050.32	870.48
B CASH FLOWS FROM INVESTING ACTIVITIES		
J>urcluse of rixed assels (including capital work-in-progress)	(19,718.03)	(10,17297)
Proce<ds from salc/dispoS!l.I offixed assets	61.62	1986
Purchaseo(intangibleas:,c1:r.	(16.l!S)	(t60.4G)
Purchase of currcnr :tnd 00t1-currt-nt 11wf'.'"finetlts	(1820)	0.2t
Movement mfixeddcpos•IS (net)	(191.57)	94.78
lmerest rcccwed	205.49	?23.37
Net c2sh Oows used in investing activities (B)	(19,677.57)	(9,9?5.21)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceedsfromissueofcapital(includingsccunticspremiumandshare2pphcauonmoney)	7,6-13.57	2,500.00
J>rocceds from kmg-lenn bof'f'0'\\'10B5 (nc1)	27,422.75	14.453.65
(Rcpayment)/l'rocct-dsof short-tenn borrowmgs (net)	(9.591.89)	9,279.51
Mo,cnlCnt in retuned r2nt1n	(626.57)	(608.0'J)
rinaucc cost paid	(16,239.15)	(14,708.JJ)
0.\-.dcod paid (uicludmg I.)	(26'1.15)	(263Zfi)
Net cash used in 6nancing activitjes (C)	8,324.56	10,65288
Increase in c21sh and cash cc1ui\:ilcn1s (A+D+q	4,697.31	1,528.16
Cash::;a.od cuhcquwak:.nts ac 1hc bcgummg of the par	3,:no.9s	1802.82
Cash and cash equivalents 11 1hc end of the yetr	8,028.29	3.33098

Summ2ry ofstgn1ftc:.Jnt counting policies

The!IC<Ompanyingnott arcinrtgral panofthestuuWone financul smemenrs 5

This is the ash llow referred to ıour rc:pon of e.en <i>t<.

For P.P. Mukerjtt & Associates

Chartered Accountants

Firm's Registration No. 023276N

CA P.P. Mukerjee

McmlK•.11..hip No. 0698.S4

Propri tor

(Sanjay Dhingra)

Managing Director

IDIN:00025376

(Sidhant Gupta)

Director

[DIN:06555513]

PAN :AIlUPG2708P

Place: New D<lhi

Oare: 26 May 2017

(Pr>d«p K.Srivastava)

Company Secretary

M.No.FCS6763

Kwality Limited

Summary of significant accounling policies and other explanatory information for the year ended 31March 2017

1. Nature of principal activities

Kwality Limited ("The Company") was incorporated on 21 August 1992. The Company is engaged in manufa cturing/processing and sale of milk, milk products and dairy products. The Company is listed both on Bombay Stock Exchange and National Stock Exchange. 'lbe Company is having manufacturing facility at Uttar Pradesh, Haryana and Rajasthan. The Company operates both in domestic and international markets. The registered office of the Company is situated at KDIL House, F-82, hivaji Place, Rajouri Garden, New Delhi 110027' India.

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 (by Ministry of Corporate Affairs ('MCr\')). The Company has uniformly applied the accounting policies during the periods presented.

For all periods up to and including the year ended 31 March 2016, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accow1ts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31March 2017 are the first year for which the Company has prepared in accordance with Ind AS (see note 46 for explanation for tran sition to Ind AS). For the purpose of comparatives, standalone financial statements for the year ended 31 March 2016 arc also prepared under Ind AS. The standalone financial statements are presented in Indian rnpees ('INR') and all values are rounded to two decimal places of lakhs, except when otherwise indicated.

The financial statements for the year ended 31 March 2017 were authorized and approved for issue by the Board of Directors on 26 May 2017.

3. Basis of accounting

The fuiancial 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;

4. Standards issued but not yet effective and have not been adopted early by the Company

Information on new stamlards, amendments and interpretations that are expected to be relevant to the financial statements is provided below.

Ind AS 115 'Revenue from Contracts with Customers' (Ind A 115)

The new standard on revenue recognition overhauls the existing revenue recognition standards and will replace Ind AS 18 -Revenue and Ind AS 11 -Construction contracts. The new standard provides a control-based revenue recognition model and provid es a five steps application principle to be followed for revenue recognition:

i. Identification of the contracts with the customer
ii.Identification of the performance obligations in the contract
iii.Determination of the transaction price
iv. Allocation of trnn sact.ion price w the performance obligation s in the contract (as identified in step ii)
v. Recognition of revenue when the Company satisfies a performance obligation.

The effective date of the new standard has not yet been notified by the MCA. The management is yet to assess the impact of this new standard on the Company's financial statements.

5. Summary of significant accounting policies

The financial statements have been prepared using the 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.

P Mukerjee & Associate

Kwality Limited
Summary of significant accounting policies and other explanatory information for the year ended 31March 2017

5.1 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.
Ao 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 prim71rily for the purpose of trading
• It is due to be settled within twelve months after the reporting period, or
• There is no unconditional eight to defer the settlement of the liability for at least twelve months after the reporting period
All other liabilities areclassified asnon-current.

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

5.2 Foreign currency

F1111ctio11ai andpresentatio n mmnry
The fmancial sta tements are presented in Indian Rupee ('INR').

Tmnsactions and balam-es
Foreign currency uansactions 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 resmement 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.

5.3 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. The Company applies the revenue recognition criteria to each separately identifiable component of the sales transaction as set out below.

Sale Ofgoods
Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customer. Sales are recorded net of sales returns, sales tax, rebates, trade discounts and price differences.

Incomefrom services
Revenue from milk processing and other services, if any, are recognized as and when services are rendered and are accounted on an accrual basis.

PP Mukerjee & Associates
New Delhi

Interest income
Interest income is recorded on accrual basis using the effective interest rnte (EIR) method.

Export benefits
Exports benefits are recognized on accrual basis in the statement of profit and loss when the reasonable right to receive the sameisestablished.

5.4 Borrowing costs
Borrowing costs that are attributable to the acquisition, construction of qualifying assets till the time such assets are ready for the intended use, are capitalized as parr of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are expensed off in the period in which these are incurred.

5.5 Property, plant and equipment (PPE)

Recognition a1 1d initial measurement
Properties plant and equipment are stated at their cost of acquisition. The cost comprises purcha se price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset co 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.

S1 1bseq1 1ent measurement (depreciation and usefullives)
Depreciation on property, plant and equipment is provided to the extent of depreciable amount on the Written down value (WDV). Pursuant to the requirement of the Companies Act, 2013 (the Act), the company has revised the depreciation rates 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 machinerv	Storing and handling units	2 years
2	Plant and machinery	AMCU	3 years

De-rerog1 1ilio1 1
An item of property,plant and equipment and any significant part initially recognised is derecogn.ised 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) isrecognised in statement of profit and loss when the asset is derecognised.

Tramilion lo Ind AS
On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1•• April, 2015 measured as per the provisions of Previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

5.6 Intangible assets
Recognition and initial meamrement
Acquired computer software are capitalized at cost of acquisition (Including License fees pa.id), 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.

S11bseqllenl 111eas1lre111e11t (amortisation)
Intangible assets are amortised on written down value over the useful life of the assec up co 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.

Transition lo Ind AS
On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1April 2015 measured as per the provisions of Previous GAAP and use that carryingvalue as the deemedcostofintrnwble:issets.

5.7 Government grant
Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognized as income over the life of a depreciable asset by ' ay of a reduced depreciation charge. Other government grants are recognized as income over the periods necessary to macch them with the costs for which are intended to compensate on a systematic basis.

5.8 Operating leases

Compa19 is lessee
Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor arc classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.

5.9 Impairment of non-financial assets

At each reporting date, the Company assesses whether there isany 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 dle statement of profit and loss. If,at the reporting date there is an indication that a previously assessed impainnent 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.

5.10 Financial instruments

Recognition, initial measurement and de-recognition
Financial assets and fmaocial 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.

Financial assets arc derecognised when the contractual eights to the cash flows from the financial asset e2 'ire, 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.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, fmancial assets are classified into the following categories upon initial recogniti on:
- Amortised cost
- Financial assets at fair value Lhrough profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

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

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5.11 Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for mea surement and recognition 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. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepay ment 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.

Tradereceivables
The Company applies approach permitted by Ind A 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

OtherJi11a11cial assets
For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there bas been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss isprovided.

5.12 Inventories

Raw Material, components, stores and spares are valued at lower of cost and net realisable value.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials, labour and related production overheads in the ordinary course of business. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

5.13 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 for the reporting period. 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 t1le underlyin g transaction either in other comprehensive income or directly in equity.

Minimum alternate tax ('NIAT') 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 .rv1AT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to t1le 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 generally recognised in full for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable tllat 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 t1le use of any unu sed tax loss or credit. Unrecognise d 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 rares that are e.xpected 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).

5.14 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.

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

Short-term employee be11ejilJ:
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-employmn1t benefits

Defined co11tlibutio11plans:
Company's contribution to Employees' Provident Fund cheme, Employees' tate 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 be11cfitplans:
The Company's gratuity scheme is a defined benefit pl;in. The present value of the obligation under such defined plan is detennined based on acruarial 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 va lue of the estimated future cash flows. Acruarial gains and losses arising on such valuation are recognized immediately in the st;itement of profit and loss.

Otherdefinedplans:
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 cxpense in the year in whjch they are incurred.

5.16 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 cheme 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, Compensa tion and Nomination Committee. Theoptions 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.

Tra11sitio11 lo Ind AS
On transition to Ind AS, tlle Company has elected to not consider the charge related to employee stock options for which the vesting period is already over.

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5.17 Provisions, contingent liabilities and contingent assets

Provisions and contingent liabilities:

A Provision is recognised when the Company has present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle che 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 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 otes to l'inancial tatements.

In cases where the possible outflow of economic resow:ces as a resulc of present obligation is considered improbable or remote, no Provision is recognised or disclosure is made

Col ltil gel ll 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.

5.18 Significant jud gement 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.

Sigl li.fical ll /lla1 lagenmrlj 11dge/llenls

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.

Classification of Leases -The Company enters into leasing arra ngements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on ao assessment of several factors, including, but not limited to, transfer of ownership of leaged asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

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.

Kwality Limited

Summary of significant accounting policies and other explanatory information for the year ended 31March 2017

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. This involves developing estimates and assumptions consistent with the market participants to price the instrument. The Company's assumptions a.re 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 i.nvcntor.ics, 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 red uce 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.

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 Lhese estimates relate to technica l and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

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6 Property, plant and equipment

Decails of che Company's property, plane and equipment and reconciliation of clieir carrying amounts from beginning to end of reporting period is as folJo,vs:

in lakhs

	Freehold land	Building	Plant and machinery	Office equipment	Computen	Furnitureand f0<tures	Vehicles	Total
Gross carrying amount								
Ac 1 April 2015"	1,048.87	1,817.97	7,976.33	21.88	167.29	29.49	851.02	11,912.85
Additions	3.91	55.27	2,208.28	3.96	19.70	8.14	294.87	2,594.13
Diosals/assecs \Vatcen off			(5.47)				(63.05)	(68.52
Balance as at 31March 2016	1052.78	1,873.24	10,179.14	25.84	186.99	37.63	1,082.84	14,438.46
Additions		9,362.01	29,258.28	18.90	29.16	65.12	55.77	38,789.24
Diseosals/assecs written off							(191.66)	(191.66)
Balance as at 31March 2017	1052.78	11,235.25	39,437.42	44.74	216.15	102.75	946.95	53,036.04
Accumulated depreciation								
Ac 1 April 2015*		478.82	4,707.47	12.32	132.84	13.43	499.35	5,844.23
Charged during the year		129.79	1,901.87	5.67	22.57	5.57	192.14	2,257.61
Adjustments for disposals			(3.24)			-	(48.29	(51.53)
Balance as at 31March 2016		608.61	6,606.10	17.99	155.41	19.00	643.20	8,050.31
Charged during the year		287.78	1,685.03	6.02	22.56	11.01	137.66	2,150.05
Adjustments for dirosals							(145.89)	(145.89)
Balance as at 31March 2017		896.39	8,291.13	24.01	177.97	30.01	634.97	10,054.47
Net book value (deemed cosi) as at 1April 2015*	1,048.87	1,339.15	3,268.86	9.56	34.45	16.06	351.67	6,068.62
Net book value as at 31March 2016	1,052.78	1,264.64	3,573.04	7.85	31.58	18.63	439.64	6,388.15
Net book value as at 31March 2017	1,052.78	10,338.86	31,146.29	20.73	38.18	72.74	311.98	42,981.57

* Represents deemed cost on die dace of transition to Ind AS. Gross block and accumulated depreciation from the prc,'1ous GAAP ha,c been disclosed for the purpose of better understanding of the original cost of assets.

(i) Contractual obligations

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

(ii) Capitalised borrowing cost

The borrowing costs capitalised during the)CU ended 31 March 2017 was 3,347.14 lacs (31Much 2016: 44.12).

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Kwality Limited

Notes to the Standalone Financials Statements for the year ended 31 March 2017

7 Intangibleassets

	Copyright	Softwares	Total
			in lakhs
Gross carrying amount			
At 1 April 2015*		17.48	17.48
AJJitions	100.00	60.46	160.46
Disposals/assets written off			
Balance as at 31 March 2016	100.00	77.94	177.94
AdtLitions		16.88	16.88
Balance as at 31Mardi 2017	100.00	94.82	194.82
Accumulated amortisation			
At 1 Apnl 20tS+		13.39	13.39
Amortisation charged dunng the year		25.87	25.87
Im ainnenr charge			
Balance as at 31March 2016		39.26	3926
Charged during the year		21.34	21.34
I mpairment charged			
Balance as at 31March 2017		60.60	60.60
Net book value (deemed cost) as at 1April 2015•		4.09	4.09
Nee book value as at 31March 2016	100.00	38.68	138.68
Net book value as at 31March 2017	100.00	34.22	134.22

* Represents deemed cost on the Jatc of rrnnsition co Ind AS. Gross block anJ accumulated depreciation from the previous GAAP have been disclosed for chc pllCposc of bctccr understanding of the original cost of assccs.

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Kwality Limited
Notes to 1he Standalone financials S1a1cme1us for the year ended JI Mrtrch 2017

(linlakhs)

	As at JIMarch 2017	As at JI March 2016	As at 1Apri12015
Notr - 8			
lnves1mcnts in equity shares- non-currem*			
Subsidiaries - unquot ed			
KW2litynury Producl!O F7.E,Dub:i;i	1,90275	1,90275	1,90275
12 Shares (31 March 2016: 12 shares; I April 2015: 12 shares)			
	1902.75	1,90275	1,902.75

f111tl1rr11'J i11JH hsirliary rompall)il s/atrt1fil rosl NSffl,the o.-rmptian proritltdeJprr furIAS 27'SrfXlnlt Pil l0l1aiJS/J.1lt1I1t111S'

Note - 9			
A Loans -non currcn1 a.ssets*			
(Unsecured, considered good)			
Security dq>osits	68.89	50,69	50.91
	GS.89	50.69	50.91
D Loans - cu.rrcnt auct s•			
(Unsecured, considered good)			
Securicy deposits	74.46	63.69	73.93
Loans lo employees	24.95	17.17	17.8?
	99.41	80.86	91.82
/Jest Oft filrritd tJl f/110f11Jtd(f3/			
Nocc - l0			
Otherr.nancial anc111-non-current			
Dank dcposi1s w;th marurlty of more 1han 12 mo1uh$•	264.15	72.58	167.36
	264.IS	72.58	167.36

•AU of the above deposits ha\•c been pledged with bank s a,g:1.ins1 guan.nll't. S. lc1 1cr of credi1 and cash credi1 limit given by the banks and fu141ncW institutions.

Note - II			
Der<rred tax assets (n<t)			
Deferred lax asset arisingon accou111 of:			
Property.phnt•nd e<1uipment	723.94	1,179.65	147.(1')
Provl$.on for Employee benefit expenses	64.24		
Uorrowmgs	34.49		
Deferred lax ha.biliticsarisi.ngonaccoun1 of:			
llorrowin&S		(18.82)	(50.62)
MAT credi1cn1itlcmc111		1, 10.81	4.4.4 1
	822.67	2,571.64	4,500.79

(i) Deferred t:u: :uising on aU 1he i1cms has been rccogn d in che !itucmcnr of profil a.nd loios excqH fo,. deferred 1'2X arising 011 :tccou.111 of provision for crnplorcc bcnefo.s, a par1 of which has been recognised in 01her comprchensi\•c income on accoun1 of ac1uuUI ga.ins and losses.

(ii) *Afon!.menth1 deferred ta"c1ssct (net)*

Particulars	As at I Apr;! 2015	Recognised in Sl'alcme.nt of profit and loss	Recogni led in equity	As at 31 March 2016
Non-current assets				
Properly, plant and equipment	147.00	t,0326S		1,179.65
Non-currcm liabili1ies				
13orrowinus	(50.62)	31.80		(18.82)
To lal	96.38	1064.O		1,160.83

Alovemetu indeferred f.J! .lf as'>et (tul)

P:anicub.ri	As :at 31March2016	Recognised in stlcmcn1of profic and loss	Recognised in <quity	Al at 31March 20 17
Non.current asstls				
Property, plant a1ld equipmen1	1,179.65	(455.71)		723.94
Prmisicn1 for E.m plo)'CC bencfi1 expe1lscs	-	63.41	0.83	r.4.24
No n-cllrrent li:1bilities				
13orrowinus	(18.82)	53.31		34.49
Total	1,160.83	(338.99)	0.83	822.67

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KwalityLimi1cd

Nol.,. Dht S1andalon< financials Sla1cments for 1ht y<ar tnded 31 brch 2l117

Noic-12	Aa ai JI Marcil 2017	'''''' 31March 2016	(t In lakhs) /IS a1 1A[!ril 2015
A Other non<urrent as.sets			
Capital ach-ince	24,228.23	16,43U3	4,346.50
I'ocpaid expense•	.20	6.68	1.31
Advance for scnr1ccs	2,934.01		
	27,167.44	16,442.01	4,347.81
D 01hcr curren1 aueca			
Advance tonu1cnal/K:rviccprovKlcn	22,491.61	16,760.85	11,.5()6.11
Prepud	(:479	n.21	161.14
Balance• wi1h su1uiory au1hont1cs	280.19	385.56	315.30
Other Adv.a.nccs	501.24	194.38	18.80
	23,339.83	17,41800	12.061.35

No1c- II hl\'cntorics			
Rs\\mstc.rdl.	4J103	13308	12-1()..1
Work u• l>mwcss *(Refer* note1 *below}*	14,814.63	2,809.32	3,170.03
Hnt!hcd goOO (othertlun thoae icqulrcd for tradmg)	15.017.10	10,348.69	22.530.6)
SlockuHndc (acquiced for 1nduig)	16.76	581	5.53
Goods *in* rranso		331.40	
Stores2nd spares	2.1030	213.24	193.0U
I'ackmg nu1cnal	542.03	419.10	434.60
	31,09L85	14,260.64	26,457.86
Work-in progreH			
I'..1/llu ner/Ghce	9,706.X)	Z,173.62	2,338.58
S 11>/Wf1l/01h«	S , I)S.73	635.70	831.45
	14,844.63	:Z,809.32	3,170.03

TIlcco111orUwc111oricsineludmgamountofcspcnscrecogrnsedm'l11tcn11:111ofprofit&loss dunnR the)r2tare1155CJ'ibcs {1M::11td11016t4587bc•)

Note 14 Trade receivable• Unsecured			
Considct'Cd good	1,37,347.48	1,41,918.55	I ,15.135.71
Con>1dc1 cdduub1ful		1.65	1.65
Less:Prorision agamst doub1ful rteet•"Jbles		(1.65)	{1.65l
	1,373474S	1,41,918.55	1,15,13571

Nole t5 Cash and cash cquivalen1s			
Cashon h2nd	172.1J	169.55	68.65
llalancrs ,;,h banks·			
In cuncnl kcou1111 mcludmg c.hcqua ul hand	7,856.16	J 161.4J	1734.17
	8,028.29	3,1J0.98	1802.82

Notc - 16 Olhcr bank balane<s			
Uncl211nc<I dl\tdend iccou ll1s•	46.81	34.56	:>1.77
Ballk dq><Mfi1l1:			
\F1th marunry up10 N•chc mcnuhs• •	585.57	Z,072.67	1,045.87
	63238	2,10723	1,080.64

Undumed <la\ tdcnel 1lcevu11t J>CTUIllS I0 dindend 001cbnncd by tqu•t) Jharchokkn and the Cominny docs oot ha\ c any ngh1 on the: satd money.

••AUur 1hcabo'c depositshncbeen pledged \V11hbanks 2g111nguar:uuees, lencr of credit and cashcredit lnnit g;\•cnby 1hcb211ks and lintncial ins1irulions.

		As •• 31March 2017 (t in lakhs)		As at 31 March 2016 (t in lakh l)		As at 1April2015 (tin lak!11)
Noie-17 Equity share capual	Number	Amount	Numlx r	Amount	Number	Amount
i Authorised						
E.qull)'shart cap1tll oflace .iucof'1 each	1,00,00,00000	I 0.•100	100.00,00,000	10,000.00	1,00,00,00,000	10,000.00
		10,000.00		10,000.00		10,000.00
ii Issued, subscribc:d and fully paid up E<juil)'shart capilAI nff.te< vo.lucuf'I each	23,73,SS,S	2"J-T.S-	22.39.11822	2,239.12'-	21,87,30,475	2,187.30
		2,37J.S6		2,239.IZ		2,187.30

iii Reconciliation of number of equity shares outatanding at the beginni11g and al tl 1eend of tht year

(t inlkh•)

	r.. ,Jl Man...h z.OJ7		Al at 31 March 2016		As :u t April 201.S	
Equily shar<S	Numlxr	Amount	Number	Amoum	Number	Amount
In!ancc ai the hcgo1111ng of 1hcyear	22,39,11,822	2,2W.12	21,87."lll,475	2. 187.30	20,31,86,434	2,031.86
Add:Is.sued dunng the)"Car	1,1-1.43,712	lll.41	S181,347	5	1,55,44,<>ll	ISSAI
1.82						
Balance at the md of the year	23,73,SS,SS<I	2,J7J.56	22,39, II,822	2,239.12	21,87,J0,47S	2,187.30

iv Rights, preferences and ratrictions a112chcd 10 equity :a.nd preferencc •ham

- Ilic Comp[ll)'hasonly one dass of e<111ity share•h:iiving a par value of '1 per 11harc. Each Juirchoklcr i:s eligible for one,ou'.:per shart held.
- The Cornp1n)' dccbres iod pars di\'1dctltl m Indun rupees.
- In 1he c, en1 of hqutda1aon of 1hc Company. the cc11•ity 1harcholder 111 be c11itlcd tu rcct:1vc rcu lamlng :usctsofthe Compiny, after distributK>nofall prcft.ttntGI 'UIIOUHIS, in propott;on of 1hcv tharchoM1ng.

v Details of shareholder holding more than 5% share capital

Na me of 1he uily shareholder	Aa ai 31Mardi 2017 Numbc.r		Al 01 31Morch 2016		As at IA(!ril 2015 Number	
Sauj;iy Dlungra	IS,21,54.714	64. 10	IS,21,S4,714	67.95	15.21,54,714	69.56
P:ll.shupati Daines Jln,'ltC l..1mitc<I	1l-•1l1693	(.Oil	I,SS.<11.0-11	6•4	I,S5,44,041	7.11

vi Aggregate nu mber and class of shares allouW 21 fu lly paid up purtuant I0 con1racl(l) without payment being received in cash, by "ay of bonu 'shuec 21nd charet bought back for the period of S years immedhuely pre.ceding 1hc Balance Sheet da1e:

-The Company W nm issuaJ ny shares purswn1 I0 con1r.ac1(t) W11houc parment bcng rcc.lvtd m cuh.
-Nobonus 1ssues h'c been <lo11c 111 prcccdmg 5 rc-a(j.
nle r.amp Jny hu noc undcrt,lr.cn •ny buy back or .lurc..

vii Shares rctervt::d for issu undu option•

1 or dccails of shares rcscr e<I for Muc under 1he 1 nplo) cc Suxk Opoon Plan (I:SOP) of rhe ompa n), refer nmc ..a 1.

Noic- 18 01licr cquily	Asal 31 March2017 Number	(t;u lakhs)	AA 1lt JI Ma.rch 2016 Number	(t in lakh.s)
A Reserve and surplus				
Money received against share warran11				
<>pc:.111ng balaocc	I,oJ,62,694	1,250.00	1,55,41,0-11	1,875.00
Amount rccc1nd agauut \Varrao1s		3,750.00		1,875.00
\arra111sissued durutg the ycu	I	625.00		
Comcniblc rrant:t comcried u1toe<1u11y shares dunng 1heyear	<•.oJ.62.69	:5,ooo'O'U'-	-s8•,.}-1	--'soo
Closing balance	I	– 625.00	103,62,694	1,250.00

I'bucy rccC1\•td :lgJUISI Colwenible Wunntsrtpn.cnu a.mouut rccei\"('t1 rowards Cotwcrt1blc \(2min't s which entitles 1hc 'A" 1ttl.lll bolder, the oprtOfl to appl for tilt tqIIII)'stuof tht face \'l.lucof'I each.'lnc Company on preferentul b:...is: hua.Honed the following C.0lwcr1iblc \t':arr.rnuh:accordance with the prO\'IUonsofSt::131 (IssueofCap112land DISCiosure Rcquireme111s) Regulations, 2009 (SEBI If.DR Rel?UL1lions. in FY zou,17

Name Of allo1ees	No.of convtniblc warrants	Con lider2 lion (t;nlac:a)	A..nolInl rcceived at 'Yeof iuue price	0111.co(alloonc ut of warrants/shares
Convc:.n.iblc warrt1n1•ouUH"-nding tuend of year				
I. Iknnctl.Co m:111 and Company I..Mnircd		6ZS.OO	25"	22 Auguse 20I(•
Total		625.00		
Convcniblc warrants convened during 1he year				
2. Sadha.nt Gupta	51,81,3-17	2.)00	100'	9Apr 2016
l.S.dtu:1nc A nd Sou.t 1IU F	51,81,.}-17	2,SOO		9Apnl 2011
Toial	1,oJ,62,694	5,000.00		

nlc allotecs at Sr. no. 1 abo,e tcnmled ro apply for 2nd be allotted 1." ljlnl)1 shares for each \Va.rrant held.on p2ymcm of bal:ancc 75 of the iHue price wlthin IH mo111hs from the Wtc of allouncnr of C01wcr1tblc \(amms. The aJlo1ct at Srno.2 &: cxcrcascd tl1C1t nght I0 comttt the Ccuwert1blc \tamtncs u110 equity shares aftc-r pa)ingthe balance 11IOUHI and accordUlgl)' 51,81,347C<JUIIY shares each \\Cre issued to fr S1dh:a111 Gupl:a :and Sidhia11t 1.11nd Mrn• I IUf. for all agc,.c191cCO•• Cral ll of " :500.00 liik.h:t adi..

Utilisation of proceeds of Com crubk: W:amnts tSsucd:The amounr of t (•25 l:a cs reccwcd 2gainu Com•trtibl \(att.lnc.s ha.s been/ I0be- '"tlll.M"d 1v"•ud:.aJ,-crt1SC]1oc111 111pnnt& non-pnnt mcd11..

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Kwali1y Umil<d

Nolts l0lh<So•nd•loneFinonci•IJ S1•1<m<n11 fortheyc•rended 31M•rch20 17

	(Iin lakhs)	
	As •• 31llfarch :m17	As ar 311\forch 2016
B Securities premium reserve		
Opening balance	9.792.75	7,344.S(\
Tra us(cncd/adJUStmcnt dun1\g 1hc)'Car	8.20272	2.448.19
Clo•ing b•lance	17,995.47	9,792.75
C Employee'• 11oc.k op1ion 1crvc		
Openi1 babocc	916.67	
Tmnsferrcd/ad,uihncnt dunng the)car	38-1.58	91667
Extms"dunng 1ht year	- . . . : . H SJ)	
Closing babne<:	+16.72	916.67
D Rclaincd earnings		
Opcmng bala1\cc	62,000.00	48,891.52
Tn113fetrcd/ad1us1mcnt durmg the year	16,430.06	13,461.71
Lcs:l:Dwadcnd paid	(236 09)	(218.73)
LA:H. Ta.. VII \ll\ .h:m.I p;dl	(411.01))	(44.SJ)
Closing baJancc	78,235.91	62,089.97
E Share applica1ion money pending allo1mc.nr		
Opcmngb•bnce		
\cld ttctt\td dunng the fi2t	100.93	-
Closing balance	160.93	
F Ocher comprehensive income		
Opc11i11gb1liocc	16.91	
'l'ra1lsferred/2d1ushnen1 durmg 1h:)'Ca t	(1.57)	16.91
Cloling balance	1534	16.91
	97,479.37	74,066.30

(i) Na ture and pu rpose ofother rescn•cs

Secun'tiet1 pre111i11n1 ret;.tnt

!'M:.cuntae• prern1tun rcKnc c1 u d w f"CC:Ord 1hc prcnuum on ISSUc of share!'. 11,c reserve ts uti.li.sed m acconlancc wuh pro\ 1s.ons of the Compamcs Ac1l 2013.

*Share 11pplicau*on moneypc11dli1g allom1au*

Sllouc appliatton muucy pc11llu1gallou11c111 rt.1Jrcl!-clll:iamoum recetfed lrorn employees for issue of Sh:ues under E.'>QP.

011cr co111pre/Jc11sivc income

Itemca urcmcn1s gJlllS/losses on post cmplopncn1 benefits arc recorded 111 1hc other comprchcrun c ulcome.

EmploJtt's stock option rescn--c

I1lc rcscnc is used l0 recogl1 lsc: lbe gnm da1c fair vtlut of 1ht op1l 0°',. cd ro tmplorccs und<r Comp•n)'s employ« soock OJ"°" pbn.

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Chartered Accountants

(t in lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Noic- 19			
A Borrowings non-current			
Sccurrtl Jo;ms-:			
Oebe.ruurct			
Non-convttttb debentu.rc•	9,674.97		
I.cu; Currcn11n2tunttcs of lo11g-rcnn borrowmgs	(461.59)		
Vehicle loans			
Prom biili	228.91	32364	2().1.45
Less:current nururirics of longtcnn borrowu1gs	(84.0'J)	(126.41)	(95.47)
From o1r.,n	26.37	40.44	53.19
Less:currem maturities of longterm borrowmgs	(13.95)	{1407)	(t 27S)
Rvt@m I me...c al born>w:na•			
Exrcnul commercial bonow.111'		S,9JS.114	
Lesa: current ma turities orionii: tenn borrO\vmgs			
Teml Loan			
From 01hcn.	19,341.49		
Less:cunC'nlmaninric sof1ooit tenn borrowmgs	(920.77)		
Unsccurrdloans			
Tum loans			
From b:iinks	Z.751.38	4,257.81	1,99274
L.("11.f.:curcut ma1urit9e:s of kmg tenn borrowmgs	(730 84)	(840.33)	(66249)
From other•	14.f!.11.16	19,611.25	13,464.95
1.c:H: curreut maturincs of long 1enn borrowu1gs	(4,().1560)	(4,020.08)	(440.85)
Debc.nturcs			
Compulsonly com:cniblc debenture.	1,US.14		
	49,999.61	25,168.09	14,50377

•Secured lo3us:-

curi1ydetail1for Non Co11vcnibledcbc.n1urc:

1l1c.Non •Comer11bledebcnrurcsuc securedby\\'1)'of firstpanpascharge on new prot(.'Ct usetsofthe Compaoy .leisfunhcrsecured by v.11yofC(ft1it.1blc nwrtgabe on 1hc 1mm0\'2blcproper1y m 1hcrnune of JIVL Pnvuc J,1mited rnd pledge of share" of KW21!1 ly1...lmitcd owned by Mr.Sanjay Dhingra, ManagUlg Dlrector of the Compally aud exclusive char by wa y of hypod1t= caoon of the spt!C1fied accounts..1 1l1csc dcnrurc' :arc a.I.so red bypersonal f,U2.nnccc of Mr.Sanjay Dhiogn, bmigtng Dtrecfor of 1hc Compan). Prcsc:n1 coulJOn r.11c of debcnrurc1nnes from 12.5(f..pl.ro 19'1f.1'..p 1.

ii Securitydetail•forvehicleloans:

Vth.ck loan from bank &. 01hc:D uc M:Cured b/hfPOrhtt2tton of \'tfodt:t. Rate of ln1c:rc<e I-ine• between 1023 1012.75•.. Pttiod of marun1y for loa.1u nncs f\\ ttn3yca.r10S)'cUa1KIuumrofrepayment111.11alme111sisnugtng1M-r....•rco36to60mooth.

iii curi1ydtcailsforttI m21lcommr.rcfalborrowings:

I?.x tcnul Commercal llcrrowmgs (ECO) 1akcn from Union llank of I nda (1:'"- Lumtcd amounting 10 USO 14 milhon(t9,0 07 1..an) (31 MaKh 2016 USD 9 mJJ1on ((5,935.84lacs.))(01Apnl 2015USDN1.11lcloantssecuredbywa) of entireprolec1uscu1nclud11gpro;ec1hodnf' 1h<'Gornrny:antip<'nonal guarantee of \lr Sanjay Dhi.ngra, M1uugi.ng Direcror of 1hd.onlpJny Ti11 the crt:'llton of the charge ,the Comp;llly hprovided add1honal M:<uncy m fonn of pledge of lturc1u(Ku.'1lil')'Limitedtnthe•l2meofi.\lrSanp.yDhangra.Ptt-tcncriucofInterest011lo;a.n)1nomhsUBOR plw42.5bps.

iv Securicy details for term loan from oebe:l'll.

1111 Tenn loan from others include loan from K1'.ll FinancV.1 Sen icc:li Pri,:ate Limited. The lot.I\ Kcurcd by ,.I ay of fi""t pan p-asu chiu un project a rs of the Compau)'. II,, funhcr 5CCUred by cqui1lblenlOftg;al;'C on the umno\-.,,bk property m the name of Jll')l.. Pm":ltc Lamttd and pledge of shucs of Kv.-a_11ty l.1m11cd 0\-I-\Cd by Mr.5an1ay Dlungr.a, Marugmg D1rcc1or of the Company 21nd txclusi\'t c.h:arge h)•way of hrpo1heat:On of the specified account.il. llli1lru.n ll aho sccu,oob) peoonal guara111cc of Mr. s rnr21 y Oh1ngn, l:u1:.B't18D1rectot of the Compan y. Prc&C nt rate ofenn vanes frum 12509p.a. 10 19.20"1 9 p.a..

.Unaccured loana:

v Security dcu.ils for 1cnn loan from banks:

a Tenn L.o2;n from banks tnclude1loan take11 fronl IDDI Da11k Limited \\luch has bec:n fully paid dunng the pc.nod under rc\'IC" 31 f\larch 2016. t 1330.25lacs; I Aprd 201S t I9'n..7-' bc<1) 1 lo:in ,.e<f by "4 of charl)'- luunonbk pi-vpc:rt) hckJ UI the 1WUC o(dtrCCIOfS &: O(t fnrt)' Slh.dttd ll Goldtn J12rk, R.ampun Rold, Ua.u1 Danpur, Ne Delhi tnd 1hc land / proptttic1 hekl u1 the name of JfPI.. Private La:mted 5Uuacd at JfPL Caty,Senor-I IS f\lohaJ1 (Pun1ab).111 loan w;u funher secured b)'pcnonal / corpon1c guana111cc c>f Mr.San1a)' Dl1111un, M:an:agms D1rcccor of Compan)' and pr<>p<:ny owner!.Rate. of 111crc:.1011 lu:mwa:i. t 1.SO°0p.a.

b 'fem> Loan fromlank u1cludc1 loan t>kcn from t-:.rur Vr•Y• Bank Lin1;m1 2,751.48 (31 larch 2016'2,927.55 lac•; I April 2015:'N II,)•The loan "l'Ctun:<I by wa y of F.<1u111.bleJ\lortgage on land/ properocs m 1he name of Jll)L Privatl' L.lmi1cd situared at JTPL Ciry, Secior-115 Mohali (Punf.ib). The Joan i,, further secured by pcuo1Wgw.rintceofMr.5anµyOhingn,i\latugutgDtrcclorofComp:a1w2ndcorporareguaranteeoff1I>LPri,"2.tcImi1ed.Presentnicof1mcrc11on&oanis119

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New Delhi
Chartered Accountants

Kwality Limited

Notes IO the Standalone Financials S1atcmcnlt for the year ended 31 March 2017

vi Security deuils for term loan from othr parties:

1<nn Lo.ns from Other pariy arc from IFCI l-1d '7,486.55 (31 la<d• 2<11(o '9,976.09 lacs; I llpnl 2015: '9,974.73 lacs), from I)fl h•unce l'vl Ltd 'NIL (31 Morch 2016: 'J,Q.1937 lacs; 1 April 2015'3,49022 lacs), from Adi1y1 13.rla I ounce 1...ni1cd2.95340 (31 Mah 2016: '3279.621au; I April 2015: 'NIL), Hero Fincorp Lmutcd '2,756.8'7(31 lan:h 2016'3,306. 17 lacs; I April 2015'NIL) '"I from Malundn & bhU1dn Fm•ucgl Sc.-.iccs Limited '1.6-14.JS (31 \larch 2016: *t* NIL; I April 2015:' NIL)

a Loan from IFCI Latnitcd 15 secured by """"*Y* of e<1umblc mortgage on 1hc 11umo, able property 111 1hc name of JTPI. PriV211e Limited i1nla1cd tt J11>L Coy, Sccror 11; Molut1i (Punjab) aud pledge orth:tirct of K'"-a.licy Linu1cd in the na.mc of \Ir. Sa.npy Ohuigra tnd funhcr srcurttl by guaranteeofMrSanp,yDh1ngn,Ma.nagmi,; Dtrcc-1orofCompanya11dCorpon.1cGu:11r:1.1ttef: *of*Jl"P1.Pr1V1.t c1.imitcd. I lieprcsc111 rateof1111crcs1onloanis 12.50"*P.a.

b Loan from DMI Finance Pvt Ltd wtlli S<"cured b)' w:1y of pledge of cqu11 ,IJarcs uf K,.'2.hty Luni1cd m lhc name of Mr.S2njay Dhmgn.. Alt0 the loa11 wu KCUrcd b> personal gwt:1.1Hec of Mr.Sanjay Dhutgta. Muuging O.rcctof of Compan)- IUtc of ullercJt on loan wu 14.60'• p.a.

c Loan from Adit)"a Bu:la hruncc Li.m11cd is secured b)'\va y of t:(1uiublc mortgage on land/ propct"lf in the 1wnc of JTPL Pm"ltC Lunlted siruutd m Molu.11 (PunPb), and further secured by pc:oorul guanntee of Mr. Sanpy Dlauwa, Man•grng D•n:ctor of companr and corporate gua.nntcc of Jll'L Pnvatr Limited. The rare of Interest onloancsnngmg from 12.SO"o 10 12.7So/•.

d Lmn from 1l<ro FulCOIJl 1.imi1ed is S<curcd b) way of cquit1blc mortgaRC on UlUllO\,blc: property Ul the fWDC of J ll'L Pnnl< l.imitrd <in121Ni "J11>L C.ty, Sccoo• 11S Mohali O)unj:ah) mil l\i\S1 au•nnlcc: uf Ma . !'.i..11;.,, Dlllll!,l"1., f\ l:tnagutg UttCClOr of 1hc Comp:uay 2.lld corporate guanuucc of Jl'l>L Privuc Lun11cd.Ritt of 1111cre•1 on loan is 12.75• p.a.

e Lrun from M2hind1"2 & M:11hu1dra. foi112nci-..al Sentices Lun1tcd ts secured b) ,iyof mortgage of bnd tnd bui1duig at Sector 115, Molu.h. Punpb l>""1\ed by JTPL Pnn1e Limi1cd and p1cdgc of cqmty ih:ut'S of KW!ll1ry l..anu1ed held in the name of Mr. n1ay Dhmbfil Morro, er ir *is* further secured by personal gw.1'2ntec of Mr. S:llnpi y Ol11ngra,J\lanaglng Dircc1oruf 1he Comp:iiny tocl COfJ)On1egtun1ucc of l1,1..Pm'llCLnn11cd. Rate of UlfCttst on lo1.n ts 1250'

1J Borrowi ng• cu.rrclll	"' ", JI March 2017	Ao •• JI March 2016	(lin lakho) Aoa1 I April 2015
&:curttl lo:uu			
Cul1 C1'cdi1 f..cili1M:1	92,959.95	1,00,545.26	87,419.35
LC/VDD Due 10 Bao lk•	734.35	2,651.11	6,587.33
Buyer'scrctl11		8?.82	
	93,694.30	1,0J,286.19	94,006.68

Sccuri1y details for shon tC:m\ borrowing-.:

1ans from B:iink tO'\a.-ard!i c:a'"h crc<li1 lil11il1'arc KCUted by \Va)' of :-

:1) FI panpa.ssu chars, On the CntlfC CUrtCnt USCIS *o(*lhc C:Olll):lll}'.

b) Fitst pa.n pa.ssu dus:gc oo rotlr mo,.,,blcand umnovsblc fin:d 2SKli: 1ncluding cqu111ble mor1gagc of facmry bnd 2nd buJdu1g of the comp-any sillliltcd al vilbRt Softa, Palwal {Ila.ryaua) a11d 111 Village J\lumfelpur, Tchsil Dan1)i.s1 ric1- llubndsalu.r(U.f').

c) Fmt pari pa ci:su eh.:arioe on ('Ulirc ru:cd H.ClS or Puhupa11 Da locs Pnvace J.lmiccd inc.ludut g Ec1uitable mortgage of Land and 13ulldutgtirua1cd al, abgc Kwmrhcn Sahanupur (Ul').

d) hnt pan paqi chugc by way of «fU1t-ablc mort{?;gc on unmov:ab propcny m 1hc lmc of Jll>L Pm-ate l...imiu:.d situued at fll'L City, Sccior- 115 Mohali (Punjab).

c) Corp(lr2lC guuan1cc *o(* Pashupatl Dairies Pri\'UC l•im11ed

f) Peaona.I guJn.111ccof Mr. Sanp.y Dhmgra, Managmg D1rccrot of the Compa1l)' and corpor.ucguarantee of Jn>L Pm"ire Limited

tr) 109•C.sh margUt for LC i.n 1he fom1 of hccd Dcpos1tJ.

h) The oum2ndi ltg Buyer's crcd;t f..c.ility :lllIOlUlling fO USD Na (31 March 2016 USO 1,)5,-402.25;01 /\pnl 201 USO l\IL) tSgi1UISI IOOt lll.1rgtn from Corporation funk.

i Other'fennsand Conditions

a) Ncga1wc hen fo, non d1 pos:al/ non 1r.u13fcr of 51 .ofcttuit)' aha.re hcltl by Mr.Stnpy Ohlllgn.

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New Delhi
Chartered Accountants

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Noces 10 the S1:.tndalonc Financials S1a1cmcn1 1for &he year ended JI Mtuch 2017

(t in lakhs)

	•••••• 31 March 2Gl7	lla a1 J1March 2016	Aaal lApril 2015
Notc - 20			
A Proviliions - Non currr:n1			
Provmon for cmplo)'tt benefits:			
CompcnSJtcd absences	100.16	69.84	48.25
Cra1ui ly	170.0R	113.38	90.SI
	270.24	18J.22	IJ9.
U Provisions - current			
Pro,'1s.on foremployee benefits:			
Jlonus	2().1.75	70.85	39.07
Compcnsarcd 2bsences	19.86	1213	6.9F
Gra1u1 1y	I S.	6.88	4.69
	240.17	89.86	50.74
Note- 21			
Tr2.de payablH - currc.nc			
Oue lo micro ind small cn1r1lnsct•			
Duf" ro 01hcn	8,674.22	3,93359	S 113.86
	8,674.22	J,9JJ.59	S,llJ.86

')o:!dosurc under 1hc hero, Small 2nd Medium Emcmrj,.,< Dc• •loomcnt Ac1, 2006 ("\ISMIID Acr, 2006i as11JI March 2017, 31M21ch20162nd I Aoril 2015;

	Paniculan	lMarch 2017 (')	JI March2016 (')	I April :!GIS (')
	the onnct1)1l amouot and the intercsl due 1h<reon rcnuinuUanoa.ct I0 any ,uooher 21 ar lhc end of	Nil	Nol	Na
it	1hc2mounr of int erest paid by 1hc buyer in lcniu of scc 1W:>n 16, alongwith c hc of the p1/mcm m:adt: lo t he suoolicr bc:n>nd 1h: 2u1 lcd div dunm cach accounhnn \`car;	NJ	NJ	Nil
ii.a	lhc amount o(mtttest due uw.l pay•blc for the pcnod of delay u1 mak.1ng papnot (luch hu e been p:aid but bcroml 1hc 2ppoin1cdday during 1hc)'cu) bu1 wi1hour adding the uuerc tspttiftird under 1hd Act:	I\	N	Nil
iv	1hc 2mou1 1t of interest :accrued 2nd rct1u;ninn. un1>2id at 1hccod of each accountinP: rnr:u\d	Na	Nil	NJ
')	flat wlicn chc 1111cr:.ctt due» u llbO\'CUC actwUy pUd tO the s,null t1l1Ct'(lt1"t', for the puqK>k of dis2llc>\\>":1.0(:C2 a dffiuc1 1bleu-ocod1turc under scci.ou23.	Na	Nil	r-.J

llc above m.fonnar.on re:gudlng t.c:ro, Snull and MedM.Un EntctptlS(S hao 1t betn dcu nnuted I0 the extent such inrues h::1 1 n been Klen11f.OO on i1lc bu&S of uifonnau cm a aable wi.cli 1hc Company.

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New Delhi
Chartered Accountants

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NolH to the S1andalonc Financials S1aremcn11 for the year ended JI M:irch 2017

(t in lakh•)

	As •• 31Ma.-ch 2017	As at JI M a.-cb 20 16	As •• IApril 2015
Notc -22			
A Other financial liabilities- Non currelll			
\"at•Cl;-ablJi1y	1,027.56	-	
	1,0?7.56		
0 Other financial Uabilitjes - current			
Currc1H nu.rurittc.::- cllongtam booo\\-'U\gJ	7,155.86	5.000.89	1,211.55
J11lcrcsr accrued on borrowu lgs	1,00274	ZS1.62	128.79
Con1rac1uaUy rcunburscment expenses to F.mplo)□«	348.76	281.IS	209.29
Unpud dn idcnd on cc1mry sh2rc1	46.81	34 S6	34.77
l\tf2blc forcapn1I goods	152.73	349.98	1,432.()J
S.'.'CUnl)' deposusrece□'d	608.74	499.31	441.85
Expenses P1r•ble	4.11.71	137.H	1004H
	9.7S7.3S	"554.65	3,648.82
Note-23			
Other current li biltti H			
Papblc to SILIUIOI)' au1hon1tes	S.019.18	5,673.44	3,958.77
Ad,"J.11cr from customcN	766.SI	468.69	221.36
Dcfttred u\c on compulwnl) coll□\cr11blcdcbcnn1res	146.58		
	5,932.27	6,142.12	4,180.13
Notc-24			
Currcnl l:tx liabili1.ic1 (net)			
Pro\'isioo for mcomc 1-ax, net of advance lax and tu deducted :11IK>Urcc	5,094.43	4,426.06	3.567.27
	5,094.43	4,426.0'	J, 7.27

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(f in lakhs)

	For the year ended 31March2017	For the year coded 31March 2016
Note - 25		
Rcv<!nue from operations		
Saleofproducts(Reftr *110/eibth111)*	6,13,066. 15	5,65,813.94
Sale of Services	227	
Other Operating Income *(Refer110/tiibth111)*	58.13	13.33
	6,13,126.55	5,65,827.27
Saleofproducts comprises :		
Manufactured goods		
l'at/Uuucr/Crcam/Ghce	1,22,981.87	92,246.22
SMI'/WMJ>/OW/DC/SNf'	1,14,540.41	66.524.01
!ilk/Toned M1lk/Doublc 'l"on -d Milk	2,44,252.0-1	2,24,2 1G.01
Cur<l	51, 170.96	47, 153.21
	5,32,945.28	4,30,139.45
Trided goods		
Fat/ Uuner/Crt-am/ Ghce	2,745.87	2,121.62
S IP/WMP/DW/DC/SNf'/A.MF	28,703.06	69,972.02
Milk	36,880.15	60,1 16.69
Cattle Feed & Supplements	248.44	193.60
Vitamin Premix & Food additives	11,543.35	3,770.57
	80,120.86	1,35,674.50
ii Otheroperating income comprises :		
I ncome from export incenci,•e		0.53
Sale of scrap	58.13	1281
	58.13	13.34
Note - 26		
Other income		
I nterest income	205.49	223.37
Profit on sale of fixed assets	16.95	257
Foreignexchange - gain (net)	994.99	2,673.73
Exec•• provisions/liab1littcs writeen back	40.56	14.53
Securities forfeited	38.26	
Claims recovered	15.77	11.14
Miscellaneous income	18.64	16.60
	1,330.66	2,941.94
Note - 27		
Cost of materials consumed *(Refer 11011ibelow)*		
Operungstock	133.08	1 24.04
AJJ:purchases	4,90,385.68	3,72,402.31
Less: Closing stock	(431.03)	(133.08)
	4,90,087.73	3,72,393.27
Material consu11ed comprises:		
Milk	4,69,486.24	3,58,685.28
Hutter fat/Ghee	9,857.66	7,819.90
Others	10,743.83	5,1188.08
	4,90,087.73	3,72,393.26
Note-28		
Purchase of smck in trade		
Milk	35,707.14	59,057.68
Fat/Ilutter/Cream/Ghcc	2,719.02	2,051.17
SMP/WMI'/DW/DC/SNF/r\MI'	27,804.42	66,621.36
Cattle Feed & Supplements	251.23	1112.21
Vitamin !'remix & rood additi\'CS	11,206.90	3,615.30
	77,688.71	1,31,527.72

PP Mukerjee & Associates New Delhi

Kwality Limited

Notes to the Standalone Financials Statements for the year ended JI March 2017

(f in lakbs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Note - 29		
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at tl1c end of the year:		
Finished goods	15,033.86	10,354.49
Work-in-progress	14,844.63	
	2,809.32	
	29,878.49	13,163.81
Inventories at the beginning of tl1e year:		
Finished goods		
Work-in-progress	10,354.49	22,536.18
	2,809.32	3,170.03
	B,163.81	25,706.21
	(16,714.68)	12,542.40

	For the year ended 31 March 2017	For the year ended 31 March 2016
Note - JO		
Employee benefit expenses		
Salaries and wages	3,183.74	2,515.80
Contribution to provident Cund and other funds	95.92	74.71
Staff welfare expenses	121.19	75.33
Share based payment expense	384.58	916.67
	3,785.43	3,582.51

	For the year ended 31 March 2017	For the year ended 31 March 2016
Note - JI		
Finance C08tS		
Inrerest cxpcn cs	16,775.08	14,612.84
Other Borrowings Cost	215.19	218.92
	16,990.27	14,831.76

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Kwality Limited

Notes to the Standalone Financia ls Starements for the year ended 31 March 2017

(f in lakhs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Note - 32		
A. Excise duty Paid		
Excise du1y	4.00	0.16
	4.00	0.16
B. Other expenses		
Advertisement & Sales Promotion	1,971.38	236.55
Bank Charges	164.64	234.66
Commission & Brokerage	96.95	65.85
Communication Expenses	81.96	65.10
Consumption of packing materials	6,285.88	4,122.86
Consumption of stores and spare parts	30R55	234.19
Donations and contributions	4.22	2.17
l xport and import expenses	3.29	57.69
Insurance	56.82	47.15
1""8'1 1 and professional expenses	455.98	229.87
Loss on sale of fixed assets	I.JO	8.26
l\Jiscellancous expenses*	729.48	<42.59
Payments to auditors (refer note (l) below)	II.SO	11.45
Power and fuel	1,496 81	1,400.72
Printing and stationery	30.07	23.34
Processingcharges of milk	830.15	831.14
Rates and taxes	52.13	57.44
Rent	327.68	267.95
Repairs and maintenance - Buildings	53.60	63.88
Repairs and maintenance - Machineries	326.31	92.32
Transportation charges	2,683.90	2,090. 12
Trn,elung and comeyancc	335.74	232.45
Vehicle running expense"	65.02	85.99
DcOvaLivcliability c pcnsc	700.63	
	17,073.79	11,103.74

(i) Details of payment to auditors		
Payment to auditor		
Audit Fee	9.77	9.73
Tax Audit Fee	t.73	1.72
	11.SO	11.45

(ii) Corpor:otc oocil&lrc•ponsibilicy expenses (*includes in Miscellaneous expenses)

Gross amounl re<1uired to be spcn1 by Lhc cumoanv dunnl! 1he vear 1s 352.88 lakhs lorevious vear 297.90 lakhs).

Particulars		In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	31 March 2017	-	-	-
	31 March 2016			
On purposes other than (i) abo,c	31March 2017	359.81	-	359.81
	31March 2016	297.90		2'J7.90

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Kwality Limited

Notes to the Standalouc Financials Statements for !he year ended 31 March 2017

('in lakhs)

	Fortheyearended 31 March 2017	Fortheyearended 31 March 2016
Note - 33		
Incometax		
Tax expense comprises of:		
Current tax (including earlier years)	6,602.35	8,106.91
Deferred tax charge/ (credit)	338.15	(1.064.45)
Income tax expense reported in the statement of profit or loss	6,940.51	7,042.46

Ille major components of income tax expense and the reconciliation of expected tax expense based on the domestic effecti1c tax rate of the Company al 34.608"/o and the reported lax expense in profit or loss are as follows:

Reconc.ilit:ion of fax expense and t.1.c accouuliug profit n1ulLiphcd by India's tax rate		
Accounting profit before tax from continuing operations	23,370.57	20,504.17
Accounting profit before income tax	23,370.57	20,504.17
At India's statutory income tax rate of 34.608"0 (31 March 20 16: 34.608%)	8,088.09	7.096.08
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility	124.52	103.10
Impact of dcprccia1inn	(1,530.79)	(1,018.99)
Impact of earlier year rax	122.18	717.35
Impact of allowed/ disallowed expenses	35.84	30.24
Other items	100.67	114.68
Income tax expense	6,940.51	7,042.46

Note 34		
Other Comprehensive locome		
Items that will not be reclassified 10profit or loss		
Re-measurement gains/ Qosscs) on defined benefit plans	(2.40)	16.91
Income mx effcc1	0.83	0.00
Items !hat will be reclassified to profit or loss		
	(1.57)	16.91

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Note -35
Earnings per share (EPS)

Company's Earnings per Share ("l\PS"} is dctcnninc<l based on 1hc mlprofit attributable to the shareholders' of the Company. Dasie earnings per share is compu1ed using the weighted average number of sha res outstandmg during the year. Diluted cammgs per share is computc-d using the weigh ted a\erage number of common and dilutive common equivalent shares outstanding dunng the year including share options (usmg the treasury stock method for options},except where 1hc result would be ami-<liluuvc.

The following reflects the income and sharedata used 111 the basic anc.I c.lilutcc.I f'lPS computations:

	For the year ended Jt March 2017	For the year ended 31March2016
Profit attributable to equity holders	16,430.0G	13,461.71
Weightedaverage numberof Equiry hare for ba;c l\PS	23,57,38.71 1	21,90,00,189
Effoct of diluaon:		
Share options	9,78,296	52,47,310
Weighted avege number of E<1u ity shares adjusted for the effect of dilution	23,67,17,007	22,42,47,499

For the purpose of calculating the weighted a1erage number of shores. the wcigh 1cd average effect of chani;es in treasury share transaction s during the yc-ar ha s alsu been considered. No other transaction invoh ing Ec1u1t) shares or potential Equity sha res is there between the reporting c.1atc and the date of authorisation of these financial smtcmencs.

Earnings per cquiiy share)		
(I} 13asic	6.97	6.15
(2) Diluted	6.94	6.00

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Note - JG

Capitalmanagement

(a) Risk managem ent

The Compan/s objccu,cs when manab ng capital are to:

- Safeguard their ability to continu e as a gomg concern.so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Mamtain an optimal capital structure to reduce the cost of capimL

In order to maintain or adjust the capital structure. the C.ompany may adjust the amount of dividends paid to shareholders, return cap1 1al to shareholders. issue new share• or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio.

It in lakhs)

Particulars	31 March 20 17	31 March 2016	I April 2015
Net debt	57,155.47	30,168.98	15,715.JJ
Total cquiry	99,852.93	76,305.42	60,298.38
Net debt to cauitv rAlio	57.24°0	39.54%	26.06%

(t in lakhs)

(b) Particulars	JI March 2017	31 March 2016
(i) Equity shares l'mal di,dcnd for the rear ended 31 March 20 1 6 of t 0.10 (31 March 20 15 - '0.10) per fu lly paid share (Net of Dividend distribution tax)	236.09	218.73
(ii) Dividend s 001 recognised at the end of lhe reporting period In addition to the abo\"e dividends. since year end the dirccto,.. have rccununcrn.lt'd the payment of a final dividend of 0. 10 (31 March 2016 0.10) per fully paid <quity share. "11 lis proposl<l di, dcnd is subjccr t0 the apprnvol ol shareholders in tbc ensuing annual general mcetmg.	237.36	234.27

Notc - J7

Related party transactions

Relationshios	Name of the oanv
Subsidiary C.'ompany	Kwality Dairy Products l'ZE
Key managerial personnel (KMP)	Rattan Sagar Khanna Sanlay Dhingra Manjit Daluya S.K. Dhallo Stdhant Gupta Asho Kuumr Gupta (from 14 June 2016 to 28 October 20 16) Pmky Singh (resigned w.e.f. 23 January 2016) Arun Sri, asrava (resigned w.c.f. 14 June 20 16) Dccpa Kapoor (rcStgncd w.e.f. 16 May 20 15)Sunit Shanglc (resigned w.c.f. 04 July.2016) Ankita Mehrotra Sacish Kumar Gupr.t Pr.tdecp Kumar Srivastava
Enterprises on which key managerial person have significant influence	JTPL Private Limited Pashupati Daines Private Limited Kwality Dairy Investments Priv21c Umitcd Sahayogi Sanchaalan Private Limited Sahyogi foundation
Rcloti,c of Key M•11•gccial Person	Vcd Parkash Gupta Sonika Gupta Sidhaant and Sons (l!Ur)

II Disclosures in res >CCI of material transactions with related arties durin the car

'° in lakhs

Related J>ar	Nature of Transacrions	31 March 2017	Jl March 2016
Kwality Dairy Products rzE	-Corpora te Guarantee Given		2984.98 (4.5 million USO)
	- Re ayment of advance	14.43	
Pashupati Dairies Private Limited	-Rent Paid	60.00	60.00
	-Hoyalty Paid	10.35	10.28
	-Oi, idend Paid	15.54	15.54
TPL Private Limit...d	-Collateral Security/guarantee Taken	1,42,643.00	10,000.00
Sanjay Dhingra	-GuarantL'C for Long Term Loans	33,725.79	12,500.00
	-Managerial Hemuncracion	130.20	130.20
	-Di, iucnd Paid	152.15	152.15
	Sl ••or • l'k-Ji;e fur Loan	f/\ 4IN \14	,?S'MO

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(f in lakhs)

Related Party	Nature of TNnsactioos	31 March 2017	31March 2016
Sidhant Gupta	-Manngcrial Remuneration	-	6.n
	-Dividend Paid	5.18	-
	-Mlotment of C<JUJty shares	2,500.00	-
	-Meeting Fee	0.80	1.10
Sidhaam and sons I I UF	-Allotment of cquiry shan s	2,500.00	-
	-Dividend Paid	5. 18	-
SonikaGupta	-i\llouncnt of e<juity shares	-	1,875.00
	-Dividend Paid	5.18	
Rattan Sagar Khanna	-Meeting Fee	0.80	t.50
Arun Srivastava	-Mccung rec	0.20	1.50
PinkySingh	-Meeting I;cc	-	1.20
Ankita Mehrotra	-Meeting f.ec	0.70	0.30
Ashok Kumar Gupta	1\lccting Fee	0.30	-
S.K. Dhalla	-Hcmuncrdtion	40.00	19.25
Manjit Dahiya	-Rem uneration	21.17	18.78
	-HSOP (Net of difference of FI\IV)	32.84	-
Sunit Shanglc	-Remuneration	8.32	27.69
Salish Kumar Gupta	-ncmuneraUon	17.36	-
Dcepa Kapoor	-Hemuneration	-	1.29
PrndL'Cp Kumar Srivastava	-Rem uneration	12.32	12.08
	-ESOI' (Net of difference of Fll1V)	12.19	-
Vcd Prakash Gupta	-Dividend Paid	5.83	5.83

111 Balauccs with related pam cs

(t in lakhs)

Related Party	Nature of TrJ. nsactions	31March 2017	31 March 2016	1Aoril 2015
Kwality Dairy Products F'l.H	Im cstmcnt in Subsidiary	1,902.75	1,902.75	1,902.75
	Corporate Guarantee Given	20424.16 (315 millivn USD)	20894.86 (3LS nullion USD)	16899.52 (27 million USO)
	/\mount Payable	-	14.43	13.61
Pashupat.i Dairies Private Lunited	Amount Payable in rcspc.-ctof ScrYices /Rent	25.00	49.36	4 1.86
	/\mount Payable in ncsp<.'c1of Royalty	8.61	9.38	-
	Cua_r:mLeC taken for Fin;tncial I.units	1 12,643.00	1.12,643.00	1,12,643.00
JTPI. Printc Limited	Collaocral &curitv/i.>U aran tcc taken	165,643.00	23,000.00	13,000.00
SanjayDhingra	Guar.uuee tiken for Long Term 1.oans	53,000.00	29,000.00	16,500.00
	Guarantee taken for Financial Limits	1,12,643.00	1,12,643.00	1,12,643.00
	Guarantee taken for ECO	9,725.79	-	-
	Shares Plcdl!C for Loan	1.04,773.44	38,363.50	15,604.00
Sidhant Gunta	Collateral Security/guarantee		1,500.00	1,500.00

Note -38

Summarv of coutincrenl liabilities and commiunents *(lo the e\Jrnl not protided for)*

(in lakhs)

Particul•rs	31 M rch 2017	31l'>larch 2016	I April 2015
Cont.ioe:cnl liabi_liLics			
Milk cc•• di•pu 1cd by 1hc company rclaung to issue of applicability againsl which the company has preferred an SLP ag;iinst the order of Punjab & 11•.y.in:i I logh Court bcfo1c llon'blc Supreme Court of India. /\ liability of Cess principal amounting 396.52 lacs from which a sum of 187.65 lacs (previous year f 169.09 lac•) deposited unucc protest and a sum of 2552.95 lacs on account of interest liability raised by Semen Bank officer, of I laryana Livestock De»clopmcnt Iklard for which t he matter is alr -auy before 1Ion'blc Supreme Court.	2,761.82	2,172.57	1,218.34
J\ civil rccovry suit has been f.k.J by S.M. M1lkosc Limit '\! rcgarchng d"pu te 111 supply of material which •s disputed by the Co. & is pending before The 1lon'blc 1lii:h Court of Odhi.	156.97	156,97	156.97
Appeal under Food Safety Act, 2006 , Kwality Limited and others nn;us rood Safety officer, Sh.Chander Veer Srngh)a.don, Kou. Ifojasihan	0.50	-	-
Sale• Tax Matters in Anocllate Authorities	-	57.29	66.38
DEPB Credit m•ttcr in CESTi\T tribunal	69.44	69.44	69.44
Continl(Cnt Liabiliry for Hank Guarantee	587.44	660.55	1,570.23
Contingent Liabiliry under El'CG License	647.24	593.34	703.11
Col'J)orate Guorantcc given on behalf of wholly owned subsidiary	20,424.16	20,894.86	16,899.52
Commiunents			
Estimated amounl of Con1racrs rcmnining to be executed un capital accou111 and not provided for	2,538.28	2,972.81	485.71

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Note - 39

Operating leases - lessee

The Company has laken various premtscs on operating leases and lease rent of t 327.68 (31 March 2016: 't 267.95) in respect of the same has been charged lO statement of profit and loss for the year ended 31 March 2017.The underlying a1',fcemcnts arc executed for a pc1iod generally ranging from three to five years, renewable on mutual consent and arc canedlable in some cases, by either party govmg nouce generally of 30 LO 90 days.There are no restrictions imposed by such leases and there•re no subleases.The mirumum lease rentals pay.able m respect of such opcraung leases arc as under:

If in lakhs)

Particulars	31 March 2017	31 March 2016	I April 2015
Within oneyear	188.29	185.10	160.39
Later than one year but not later than five years	529.56	651.94	638.HI
Later than fi,c years	786.86	667.66	507.71

Note-40

Gruuity and compensated absences

Compc11satcdabsc11ces

Amount rccoe:niscd in tbe statement of orofit and loss is"" under: (in lakhs)

Part.iculars	31March 2017	31March 2016
Current service cost	41.09	30.43
Interest cost	G.tS	4.42
Actuarial (g.Un)/loss, net on account uf:		
-Changes in finanoal assumptions	4.23	0.21
-Changc:1: in cxpcdcncc ad1uslff1cnt	(I 1.28)	(0.12)
Cost recoguizcd during the ye:"	40.19	34.94

Movement in the (jabifoy reconied in the balance sheet is as und er: (f in lakhs)

Particulars	31March 2017	31 March 2016
Prcscm value of defined benefit obhgacion at the beginning of the year	81.97	55.24
Current service cost	41.09	30.43
Interest cosr	6.15	4.42
Actual ial (j.jain)/loss, net	(7.05)	0.09
13cnetits paid	(2.t3)	(8.21)
Present value of defined benefit obligation at the end of the year	120.03	81.97
-Current	19.86	12.13
-Non-current	100.16	69.84

For detcm11oat10n o tbc libility of the Comoany, the followina;c actuOal 1iu.mptions were used:

Particulars	31 March 2017	31 March 2016	1April 2015
Discount rate	7.50%	8.00%	7.75°o
Salary escalation rntc	5.00%	5.()0%	5.0()0!
Withdrawal rate 18 to 58 Years	2.00%	2.00%	2.00%
Murtaliiy table	Indian Assun:..-d Li\•cs Mortality (2006-08)	Indian Assured UVCS Mortalicy (2006-08)	Indian Assured Lives Mortaliiy (2006-08)

These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors arc determined close to each year-end by reference co l;0vcrnmcn1 bonds of relevant economic markets and that have terms 10 maturity approxim ating to the terms of the related obligation. Other assumptions arc based on managemen t's historical experience.

Sensitivity analysis for compensa ted absences liabilllV (f in lakhs)

Paniculars	31Much 2017	31March 2016	t April 2015
Impact of lhe chilnge in discount rate			
Present value of obligation at the end of the year			
Impact due to i11crcasc of 1 %	108.tO	74.22	49.88
Impact due to decrease of I %	134.48	91.28	61.66
Impact of the change in witl.1drawal rate			
Present value of obli l;ation at th e end of the year			
Impact due to increase of 1°o	123.60	84.73	57.18
Impatt due to decrease of 1 %	115.90	78.61	53.00
Impact of the change in salary increase			
Prcscnl l'alue of obliii,ation al rhe end of the year			
Impact due to increase of I °o	134.71	91.48	61.80
Impact due 10 decrease of 1 %	107.74	73.95	49.69

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Kwality Lim;tcd

Notes to the Standalone Financials Statements for the year ended 31M11rch 2017

Gratuity

me Company provides for gratuity for employees in India as per the Pa)mcnt of Gratuity Act, 1972. 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 sctTicc. Gratuity plan is a non-funded plan.

Amount reco1?nfacd in the statement of profit and loss is as under: (f in lakhs)

Particulars	31March2017	31March2016
Current service cost	54.81	37.37
Interesr cosr	9.02	7.64
Acru:uial (gain)/loss, ncr on account of:		
-Changes in financial assumptions	7.13	0.36
-Changes in experience adjustment	(4.73)	(17.27)
Cost recoanized durinl! the year	66.23	28.10

Movement in the liabilitv recol"nizcd io tbe balan ce sheet is as under: (f in lakhs)

Particulars	31 March 2017	31 March 2016
Presenl value of defined bene fit oblif,<ltion ar the bcgmning of rhc year	120.24	95.50
Current service cos!	54.81	37.37
Intcrcsl cos!	9.02	7.64
Acruarial (gain)/loss,ncr	2.40	(16.91)
13cncfir. ooid	(0.65)	(3.36)
Present value of defined benefit obligation at the end of the year	185.62	120.24
-Curren!	15.56	6.88
-Non-currcnr	170.08	113.38

For dctcnniuatiou of 1hc liabilicy of the Con1panv, the followinu actua,.ial -assumo1iuns were used:

Particulars	JI March 2017	31March 2016	I April 2015
Discount rate	7.50%	8.00%	8.00%
Salary cscaJation ralc	5.00°o	5.00%	5.()()%
Mortality Il 1blc	Indian Assurt'CI Lives Mortality (2006 -08)	Indian Assurt'CI Lives Mortality (2006 -08)	Indian l\ssurcd Lives Mortality (2006 -08)

These assumptions were developed by managemenl with the assistance of independent actuariol appr.Uscrs. Discount factors are dercmuncd close to each year-end by reference to 8Q\'Cmmcnt bonds of rclevam economic markets and r hat have terms IO maturi ty approxim2ting to the tcrm3 of the reb.ted obligation. Other assumptions arc based un management's historical experience.

Sensitivity analysis for compensated 2bsenceG Ifabilitv (f in lakhs)

Paniculars	31March 2017	31March 2016	I Anril 2015
Impact of the change in discount r.11e			
Present "aluc of obligation at the end of the year			
Impact due w increase of 1 'Yo	166.89	108.50	86.12
Impacl due IO decrease of I %	208.34	134.40	106.78
Impact of the change in witl1drawal rate			
Present value of obltgauon at the end of the year			
lmpa'l tluc 10 increase of 1 %	189.22	122.97	97.48
Impacl due to decrease of 1 %	181.Q(	116.78	92.91
lmp:1e1 of the change in salary increase			
Prcsenl rnluc of obligauon al the end of rhc year			
Impact due to increa.c of 1 %	208.69	134.69	107.02
Im1>ac1 due to decrease of 1 %	166.32	108.09	85.79

'I11c c.iim:ll<'.S of furure salLiy increases, innation, seniority, promotion and other rclcvanl facrors, considered in actuarial valuation such as supply and dema nd in rhc employment market. The rare used to discount post employment bcncfot oblib..uons (bolh fund 'CI and unfunded) shou ld be determined by reference to market yields at the balance sheet date un govcrnmcnl bonds. The currency and rcrm of the gO\emmcnt bond s should be consistenl wirh the currency and estimated term of rhe post employment bencfir obligations.

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Kwality Limited

Notes to the St<aodalooe Financials Statements for the year coded 31 March 20 I7

Note-41

Share based payments

Company has reserved issuance of 1,00,00,000 (Previous Year. 1,00,00.00U) Equity Shares of I each for offering to the eligible employees of the Company and irs subsidiaries under Employees Stock Option Plan 2014 (ESOP 2014). During the year the Company has granted 43,000 (Previous Year 19,87,000) Options at a price of f 38 per option plus all applicable taxes. 'l11c options would vcsi over a period of 1 years. The other disclosure in respect of the ESOP Scheme arc as under.

Particulars	Grant I	Graul II	Grant Ill
Option issued	19,37,000	50,000	43,000
Gnnt datc	23 July 2015	8 October 2015	1 Aulm 20 16
Vcsting Period	1 year	1 yc:ir	lyear
Exercise Price	38.00	38.00	38.00
Fair market value of options on 1he date of grant"	67.28	76.18	90.6
Remaining comrmual life IWcilthtcd Momhs\	4.05	4.05	4.05

**Thtfair ra/11(Of the options h.Jsbtrndrtrrminrd the 13/ackSebo/rsmodel,asrrrlifird I!)' 1mi111ept11de11t'afltr.*

Particulars	31 March 2017	31 March 20 16
Opening balance	19,87,000	-
GrantL-<lduring the year	43,000	19,87,000
Exercised during the year	(12,70,100)	-
Forfcit-d during the year	(98,000)	-
Closinf balance	6,61,900	19,87,000

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	31March 2017	31March 2016
		(f in lakhs)
Note - 42		
Foreign exchange transactions		
Particulars		
a) Value of imports on CIF basis		
Plant & Machinery	55.24	463.30
Purch!!se of Raw Material		234.25
Purchase of Traded Goods	39,668.45	69,922.03
Consumables	0.54	0.47
b) Imported and Indigenous raw material, components and consumable consumed		
(i) Raw material consumed		
- Imported		
Amount		70.14
Percentage		0.02
- Indigenous		
Amount	4,90,087.73	3,72,323.13
Percentage	100.00	99.98
	4,90,087.73	3,72,393.27
(ii) Purchase of Traded Goods		
- Imported		
Amount	39,668.45	69,922.03
Percentage	51.06	53.16
- Indigenous		
Amount	38,020.26	61,605.69
Percentage	48.94	46.84
	77,688.71	1,31,527.72
(iii) Consumables		
- Imported		
Amount	0.54	0.47
Percentage	0.17	0.20
- Indigenous		
Amount	308.02	233.72
Percentage	99.82	99.80
	308.56	234.19
c) Expenditure in Foreign Exchange (on accrual basis)		
Capital Transaction		
Capital Investment in Subsidiary		
Capital Advance		
Capital Goods	55.24	463.30

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Note - 43

(₹ in lakhs)

Specified bank notes

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	304.67	26.41	331.08
(+) Permitted receipts*	-	1,094.45	1,094.45
(-) Permitted payments	-	(295.71)	(295.71)
(-) Amount deposited in Banks	(304.67)	(407.00)	(711.67)
Closing cash in hand as on 30 December 2016	-	418.16	418.16

* Out of ₹ 109,445,214, ₹ 2,45,11,505 directly deposited by the Customers in the Banks where Company maintain the accounts.

PP Mukerjee & Associates
New Delhi
Chartered Accountants

Note. 44
financial risk manugcmcm

financial 1nstniments by calt(lory

(t;,,lakhsl

Parti culars	JI March 2017			ll Morch 2016			IApril 2015		
	FVI'PL	FVOCI	Amortised COil	l'VTI'L	FVOCI	Amoniscd cos1	FVIPL	FVOCI	Amortised cos1
Fimuu;i'u/ldStttl									
Tr.ride rccc1vabk1		-	1 ,17,17.48			1,41,918.55		-	1,15,135.71
Loons			168.30			131.55			142.73
Cashand ca.sh «Juivalenta			8,028.29			3,1J0.98			1,802.82
Bank dcuosili.			896.53			2,179.81			1.2H.99
Total financial asscls	-	-	1,46,440.60			147,560.89	-	-	1 l8.329 25

(t in lakhs)

l'aniculars	31March 2017			31March 2016			1April 201!i		
	FVTPL	FVOCI	Amorti5cd COSI	l'VTI'L	FVOCI	Amortised cost	f'VTI'L	PVOCI	An1orli1e.dcost
FJiuu1cial Jiabilitie1									
IJorro1wigs			1,50,IH9.71			1.33455.17			1,09,722.00
Tmlc p:iy;tbl<s			8,674.22			3,933.59			5,113.86
Sccunl)' deposits			608.74			499.31			441.RS
Oohcn	I 027.56		1,992.76			1,054.46			I995A2
'focal financial liabiliti es	1,027.56		162,125.49			1,38,942.SJ			1,17,27J.1.l

llte Company'sactiv1tics expose 11 to nu.rket risk,l.quiduy risk and credit nsk. 1l1,$no1ccxpbU1 1hc sourct.J of nsk wh1Ch the cn111y1 cxpoJ.Cd to aod how the cm1ty manages the nsk and the reb1cd imp;actin the fui.;ancialsra1cn111:s.

	Exposure arisin2 from	Measurcmc n1	Management
Cttd11 nsk	Cah and cash «JUlvalent, tt':ldc rccei\' bkJ, Cioaocuil u 1s measured at amortised cos1	J\gc:mgan ly.U	Ban.k dcpo lt.s, d:versifction of a.uct buc and cn:dtl limits
Liqufoy nsJ.	Borrowings and other financial liabilities	Rolling cash flow forecasts	A,..,bbil1ty of coinH1 lt1cd credit lt.Q cs and borro"V111g r.c.i.1.
Markel ru1k - Forctgtt exchange	Future commw.iual 1rans3cRo05 llecogrnscd fuia11coal assci. and liabtl1bC$ nol denomi1latcdi1'Indianrupee ONR)	Cashflow forecas1111gandSc11sth, 11-yanaJrsaJ	Foni'ard con1rac1/hcdging
Markel nk - Interest talc	L.ong 1cm1 borrowm ac v;uUb fiUC$		Jiuertst r:ue "'-"".lps
Marker ri>k - S<cunl)' IPricct	Investment in equity securities	Sensitivity analysis	Ponfolio dl\ crs1ficatiolu

'11u lompmy'• risk mu""KCmc:n1 tJ cuncd out by a central ltt"2.5Uty deparlmc111 (of lhe group) uodcr poOC1cl appro,cd by the board of d lte lon. llle board of dtrt'Cton prov.des \vnuen princJles for O\'Cra.IJ ruk 1rnm2Bt"men1,aswe.ll upohac lco,cnngspecificareas,suchas forcigu c>.change risk,i.n1crcu r.&tc risk, crcdu nsk and Uwestment of ucel11LK1md lty.

A Credit ritk

Credit risk aNcs from cash and ca.sh equ1alcu1s, lrade rcccis.blcs. uwcs1ments earned at lmort lst'l cost :and dcpo 1ts wi1h b;inlu and financlal u lsrirutionc.

CrtdltnsA: """"

n" fin:iioct fuuc1 n of 11le Cotnpany :aSK:Sscs and manages cred11 nsk blscd on u11cmaJ cred11 r.a1ing 5)M cm.1nrcnul c.red11 r:uing IS performed for nch cbss of fuiancu.J i.nstnmwt$ \n1h d1ffcrcn1 ch.an.ctt"51Ks. Tite Company a.sstgt\S the follo"Ulg cred lt ra11ngs 10 each class of finmrnl assets ba.s«l on the anu111p1t Qnf, inputs a.od fac lon spcc1 fic: 10 the cbss of fu'2nc 1a.ssc1s.

A:Secured,negligible
B:Panly secured
C:Unse<ured
D.Doubtful

Anetaundercrtditrisk-

({in lal<hsl

Credir ra1ing	Particul:111	JI M=h 2017	JI March 2016	lApril 2015
A: Sc("ured 1[Cl!L1i.'.lble		-		
ll:Pan <curc<l			-	
C:Un ured	Tr:uJc rccc1V1bles	U7.J47.48	1,41.918.SS	I 15135.71
	S«umy i.kl)OSIIS	C.3.J5	114.39	1241H
	LoanstocmployttJ	24.95	17.17	17.69
	U:li1'k tk.i>OSllS	849.72	2,145.25	1.213.22
	Cuh and cash CQuwalenrs:	8.028.29	3,JI0.98	11802.82
D:Doub1ful	Trade r<eciv:ibl<s		1.65	1.65

1lle risk paramc lers art sunc for aU finaucial ll)stl'S for 2JJ pcr.o<1 i>«scn1cJ lle Com b•1) 001 lN_leN the ptoOObtLty of defau lt upon initial recognu1cn of asset a.nJ whet htr there tuJ bcc:n 21 10if.;t11fcan1 increase m credit rn k 011 an on-gou1 basis throughoUI och rcponmg pcncxL In gcn cr:al, 11 ll prclu mcd c hitt credit nsk has slgn1fica111ly mcrcastd since UUtial recognition if the parmcnts arc more than 10day• p;uc due. A dcf.rnlt un a fin.al\c.al asscl is whc.111hc counterpart) fails 10make c01ur:11ctua.l payments when they fall due. This defu1i1io11 of ckf.ault is &1cm\.uw;J b)'consideringthebusinHsetw1ro1tmcn1u1which ci1tity opcra1es2nd othermacl'()-tto1wn1ic bcmf"C

PP Mukerjee & Associates
New Delhi
Chartered Accountants

Kwality Limited
Notes to the Standalone Financials Statements for the year ended 31 MQreh 2017

Note - 45
Fai rvalue1neasurcments

(i) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position arc grouped into three Levels of a fair value hierarchy. The three L(wcls arc <ldined basc<l on rhe observability of significant inputs to the measuremcni, as follows:

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

Level 2: n,c fair value of financial ins1rumcn ls that arc not traded 111 an active market ls detenruncd using valuation techniques which maximisc the use of observable marker data rely as little as possible on entity specific esnmares.

Level 3:If one or more of the significant inputs is not based on observable marker dam.rhe instrument is included in Jc,el J.

(ii) Financial assets and financial liabilities measured at fair value -recurriol!' fair value measurements (in lakbs)

JI March 2017	Notes	Level I	Level 2	Level J	Total
financial liabilities					
Derivative finnncial instrument	Note 1	-	1,027.56		1,027.56
Total financial liabilities		-	1,027.56	-	1,027.56

(iii) Financial instruments measured at amortised cost

- The carryingamuunr• of Trade receivables, Trade payables, capital creditors and cash and cash equivalents arc considered tv be The same as their fair values, due to **their ghorc term narurc.**

- The fair nlue of security deposits were calculated based on cash flows discounted using current lending rate which is not m>ccrially different from the rates ar which they were in11iatly measured. n1crcforc the carrying value is considered to be faor value of the security deposits.

- The fair value of non-current borrowings arc based on discounced cash nows u•ins current borruwinK rate which is not materially different from the rates at which they were initially measured. Therefore the carrying ,aluc is considered to be fair value of the non-current borrowings.

(iv) Valuation process and technique used to determine fair v"lue

Specific \'aluarion techniques used to value financial ins1.ruments include:

(•) The use of quoted market prices or dealer quotes for similar instruments

(b) rhe fair ,alue of the remaining financial instn1mcnrs is determined based on adjusted net assets method.

Risk adjustments specific to the counrerpartics (including assumptions about credit ddaulr rates) arc derived from credit risk grading dctcrmjncd by the Company's **intcrnnl crcd;t tisk nunagcment group.**

J\ll of the resulting fair value estimates arc included in bel2.

Note I :
The fair value of derivative financial instrument pt!rtains to upside mtcrcst payable to lcrn.k r> uf the Company has been certified by a practising chartered accountant. The fair value of dcri,ati,e financial instnimcnts is basclJ on quoted prices and inputs that arc dmctly or mdorcctly observable in the mMketplace..

Kwality Limited
Notes to the Standalone Financials Statements for the year ended 31March 2017

Note-46

First time adoption of Ind AS

TIlest: are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for d1e year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balanct: sheet at lApril 2015 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial pcrformanct: wd cash flows is set out in the foUowing tables and notes.

A Ind AS optional exemptions

1 Deemedcostforproperty,plantandequipmentandintangibleassets

Ind AS 101permits a first-rime adopter to deer to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Th.is exemption a1n also be used for intangible assets covered by Ind AS 38 *Inta1 gible Assets* . Accordingly, the Company has elected to measure all of its property, plant and equipmen t, intangible assets and investment property at dleir previous GAAP a1rrying value.

2 Leases

Appendix C ro Ind AS 17 requires an entity 10 assess whether a contract or arrangement contains a least:. In accordance with Ind AS 17, th.is assessment should be carried out at the incept.ion uf cht: contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of foccs and circumstances existing at the date of transition to [nd AS, except where tht: effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

3 Sharebasedpayments

Ind AS 102 Shru:e based paymencs requires an entity to record the options on their fair value instead of intrinsic value. Ind AS 101 permits a first time adopter to ignore such requirement for the options already vested as on transition date that *is* 31 l\1arch 2015. The Company has elected to apply dus exemptions for such vested options.

4 Investment in subsidiary

Ind AS 101 permits a first-timt: adopter to choose the previous GAAP carrying amount at the t:ntity's dace of transition to Ind AS to measure the investment in the subsidiary as the deemed cost. Accordingly, the Company has opted to measure its invesuuent in subsidiary ar deemed cost i.e., previous GAAP carrying amount.

B IndASmandatoryexemptions

1 Estimates

An entity's estimacc;s in accordance with Ind ASs at the date of transition to Ind AS shall be consistent \vith estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unlt:ss there is objective evidence that those estimates were inerror.

Tnd AS estimates as at 1 April 2015 arc consistent with the estimates as at the same date made in confomlity with previous GAAP.The Company made estimates for following items in accordance with Ind AS at the dace of transition as these were not re9u.ired under previous GAAP:

a) Investment in equity instruments carried at FVfPL or FVOCI
b) Impairment of financial assets based on expected credit loss model.

2 Classification and measurement of financial assets and liabilities

TIle classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financi!ll assets can be measured using effective interest method by assessing its contractu.tl cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of mone)' i.e. the use of t:ffective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticab le when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

Mukerjee & Associate

Kwality Limited
Notes to the Standalone Financials Statements for the year ended 31March 2017
Kwality Limited
Summary of significant accounting policies and other explanatory information for the year ended 31March 2017

(f in lakbs)

	31March 2017	31March2016
Revenue Transaction		
Raw Material & Purchase Traded Goods	39,668.45	70,156.28
Consumable Goods	0.54	0.47
Tour and Travelling	5.13	15.14
Other	12.67	4.32
Inleresr&ProcessingCharges	443.58	131.88
	40,185.61	70,771.39

d) Earnings in Foreign Exchange (on accrual basis)

- Value of Expons on FOB basis	40,898.28	73,051.38

e) Particulars of unhedged foreign currency as on reporting date

Importtradepayable		
Export trade receivable	19,223.49	37,286.67
TradeAdvance paid		
Trade advance received	44.72	60.17
Exporc Earner in Foreign Credit (EEFC)	241.69	504.14
Buyer Credit Payable		89.82
Import Capital Creditors Payable		9.88
Foreign Currency Loan (Union Bank of India - UK)	9,077.40	5,969.96

PP Mukerjee & Associates
New Delhi
Chartered Accountants

P.P. MUKERJEE & ASSOCIATES
Chartered Accountants

11-Pratap Enclave, Mohan Garden,
Uttam Nagar, New Delhi-110059.
Email ca.ppmukerjee@gmail.com
Mobile: 9711009361

INDEPENDENT AUDITOR'S REPORT

To the Members of

KWALITY LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M/s Kwality Limited ("the Holding Company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting polic.ies and other explanatory information (hereinafter referred to as 'the consolidated 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 and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 repo11 under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Sta11dan.ls 011 Auuiti11g Sf..H:cified under Set:tion 143(l0) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PP Mukerjee & Associates
New Delhi
Chartered Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the state of affairs of the Company as at 31 March 2016 and their consolidated profit and consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. . As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

a. We have sought & 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 appears from our examination of those books.

c. The consolidated balance sheet, the consolidated statement of profit and loss, and consolidated cash flow statement dealt with by this report are in agreement with the books of account.

d. in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section I33 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 20I4.

e. on the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of Holding Company, none of the

PP Mukerjee & Associates * New Delhi * Chartered Accountants directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, we can't comment on the consolidated financial statement because the subsid iary company is incorporated outside Ind ia, of which audit in respect to interna l financial control is not being done by us.

g. With respect to the other matters to be i ncl uded in the Aud itor's Report i n accordance wi th Rule 1 1 of the Compan ies (Aud i t and Aud i tors) Ru l es, 2014, in our opinion and to the best of our information and accord ing to the explanations given to us:

(i) The Company has d isclosed the im pact of pend i ng l itigations on its financial position m its financial statements as referred to i n Note 26. I to the financial statements.

(ii) The Company has made provision, as req uired under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.

(iii) There is no amount due to be transferred to the Investor Education and Protection Fund by the Company.

For P. P. Mukerjee & Associates
Chartered Accountants
Firm's Registration Number - 023276N

New Delhi

P. P. Mukerjee
Proprietor
Membership Number 089854

Place : New Delhi
Date : 25th May, 2016

Kwalitv Limited
Consolidated Balance Sheet as at 31 March, 2016

		Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
				(' In Lacs)	(' In Lacs)
A		EQUITY AND LIABILITIES			
	1	Shareholders' funds			
		(a) Share capital	2	2,239.12	2,187.30
		(b) Reserves and surplus	3	82,932.97	62,429.55
		(c) Money received against warrants	4	1,250.00	1,875.00
				86,422.09	66,491.86
	2	Non-current liabilities			
		(a) Long-term borrowings	5	25,597.04	14,806.39
		(b) Long-term provisions	6	183.22	139.06
				25,780 .26	14,945.45
	3	Current liabilities			
		(a) Short-term borrowings	7	121,459.32	108,854.77
		(b) Trade payables	8	5,211 .24	5,199.72
		(c) Other current liabilities	9	11,389.47	7,211.87
		(d) Short-term provisions	10	4,797.88	3,881.92
				142,857.92	125,148.28
		TOTAL		255,060.26	206,585.59
B		ASSETS			
	1	Non-current assets			
		(a) Fixed assets			
		(i) Tangible assets	11.A	7,103.68	6,729.13
		(ii) Intangible assets	11.B	138.67	4.08
		(iii) Capital work-in-progress	11.C	19,498.52	11,836.22
				26,740.87	18,569.43
		(b) Long-term loans and advances	12	17,914.06	8,820.93
		(c) Other Non Current assets	13	72.58	167.36
		(d) Deferred Tax Assets (Net)	25.2	1,179.65	147.00
				45,907.15	27,704.72
	2	Current assets			
		(a) Inventories	14	17,055.33	29,104.19
		(b) Trade receivables	15	165,537.54	132,458.64
		(c) Cash and cash equivalents	16	8,622.59	5,165.28
		(d) Short-term loans and advances	17	17,722.23	12,105.60
		(e) Other current assets	18	215.42	47.16
				209, 153.11	178,880.87
		TOTAL		255,060.26	206,585.59
		Notes forming part of the financial statements	1-25		

Interms of our report attached.

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

CA P.P. Mukerjee
Membership No.:089854
Proprietor

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director

(Sidhant Gupta)
Director
DIN:- 00555513

(CA Sunit Shangle)
Chief Finance Officer
M.No:-087626

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

Place : New Delhi
Date : 25-05-2016

Kwality Limited

Consolidated Statement of Profit and Loss for the year ended 31 March. 2016

	Particulars	Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
			'InLacs	('In Lacs)
1	Revenue from operations	19	641,405.32	587,833.47
2	Other income	20	2,977.80	1,173.43
3	Total revenue (1+2)		644,383.12	589,006.90
4	Expenses			
	(a) Cost of materials consumed	21.a	372,393.27	381,437.10
	(b) Purchases of stock-in-trade	21.b	196,153.19	165,488.26
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21.c	12,394.03	(10,344.63)
	(d) Employee benefits expense	22	3,426.79	2,428.73
	(e) Finance costs	23	15,744.97	14,030.64
	(f) Depreciation and amortisation expense	11	2,336.65	2,530.03
	(g) Other expenses	24	18,163.84	13,830.62
	Total axp1:1nties		620,612.73	569,400.76
5	Profit / (Loss) before tax (3 - 4)		23,770.39	19,606.14
6	Extraordinary / Exceptional Items			
7	Profit / (Loss) Before Tax (5-6)		23,770.39	19,606.14
8	Tax expense:			
	(a) Tax expense for current year		7,440.26	3,574.05
	(b) (Less): MAT credit related to current year			(569.02)
	(c) Net currenttax expense		7,440.26	3,005.03
	(d) Tax expense relating to prior years		3.20	16.05
	(e) Deferred tax		(1,032.65)	(67.73)
			6 410.80	2,953.35
9	Profit / (Loss) from operations (7 -8)		17,359.58	16,652.79
10	Earnings per share (of '11- each):			
	(a) Basic	25.6	7.93	8.08
	(b) Diluted		7.74	8.02
	Notes forming part of the financial statements	1-25		

Interms of our report attached.

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

New Delhi

CA P.P. Mukerjee
Membership No.:089854
Proprietor

Place: New Delhi
Date : 25-05-2016

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director
DIN:

(Sidhant Gupta)
Director
DIN:- 00555513

(CA :gle)
Chief Finance Officer
M.No:-087626

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

Kwality Limited

Consolidated Cash Flow Statement for the year ended 31 March 2016

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary Items and tax		23,770.39		19,606.14
Adjustments for:				
Depreciation and amortisation	2,336.65		2,530.03	
Amortisation of Expenses			4.95	
Employee Stock Option Reserve	607.42			
Loss on sale on assets	8.26			
(Profit) on sale on assets	(2.57)		(2.20)	
Finance costs	15,744.97		14,030.64	
Interest income	(243.90)		(77.96)	
Liability no longer payable	(14.53)		(113.59)	
Fixed Assets Discard			342.55	
Bad Debts & Other Balances W/off			304.51	
Unrealised Exchange Fluctuation	(471.22)		(134.59)	
Foreign Currency fluctuation Reserve	370.20		155.43	
Security Forfeited			(176.50)	
Other non-cash charges	39.11	18,374.38	10.70	16,873.97
Operating profit / (loss) before working capital changes		42,144.77		36,480.11
Changes in working capital:				
Adjustments for (increase) /decrease in operating assets/Liabilities:				
Inventories	12,048.86		(10,364.72)	
Trade receivables	(32,607.66)		491.30	
Short-term loans and advances	(5,616.64)		(8,895.32)	
Other Current Assets	(168.26)		146.93	
Bank balances not considered as Cash and cash equivalents as defined in AS 3 *Cash Flow Statements*	(1,209.32)		(846.23)	
Long term Loans and Advances	2.10		(21.00)	
Long-term provision	44.15		64.07	
Trade payables	26.03		(11,430.94)	
Other current liabilities	254.78	(27,225.95)	295.55	(30,560.35)
Cash Generated from Operations		14,918.82		5,919.75
Cash flow from extra ordinary Items				
Net income tax (paid) / refunds		(3,591.70)		(7.06)
Net cash flow from / (used in) operating activities (A)		11,327.12		5,912.69
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(22,622.47)		(15,178.38)	
Proceeds from sale of fixed assets	19.86		10.30	
Purchase of long-term investments- Subsidiaries				
Interest received	243.90		77.96	
Net cash flow from / (used in) investing activities (B)		(22,358.72)		(15,090.12)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	16,250.78		13,572.49	
Repayment of long-term borrowings	(1,660.14)		(10,303.84)	
Proceeds from Issue of Equity Shares/ Warrants	1,875.00		9,375.00	
Net increase / (decrease) in working capital borrowings	12,604.55		12,048.51	
Finance cost	(15,622.13)		(14,012.14)	
Dividends paid	(218.73)		(203.19)	
Tax on dividend	(44.53)		(34.53)	
Net cash flow from / (used in) financing activities (C)		13,184.81		10,442.31
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		2,153.21		1,264.89
Cash and cash equivalents at the beginning of the year		2887.67		1 622.78
Cash and cash equivalents at the end of the year		5,040.88		2,887.67
Reconciliation of Cash & cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 17)	8,695.16		5,332.63	
Less: Bank balances not considered as Cash and cash equivalents as defined	(3,654.28)		(2,444.96)	
Net Cash and cash equivalents (as defined in AS 3 *CFS*)		5,040.88		2,887.67
Cash and cash equivalents at the end of the year *		5,040.88		2,887.67
* Comprises:				
a) Cash on hand	197.58		88.86	
b) Balances with banks (In Current Accounts)	4 843.30	5,040.88	2,798.81	2,887.67

Notes forming part of the financial statements 1-251

In terms of our report attached.

For P.P. Mukerjee & Associates
Chartered Accountants
Firm's Registration No. 76
CA P.P. Mukerjee
Membership No.:Q 98 4
Proprietor

For and on behalf of the Board of Directors

(Sanjay D)
Manas Director
DIN:- 0025376

Director
DIN: 555

(CA Sunit Shangle)
Chief Finance Officer
M.No:-087626

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

Place : New Delhi
Date : 25-05-2016

Kwality Limited
Notes Forming Part of Consolidated Financial Statements

1(i) General Information

Kwality Limited ("The Company") was incorporated on 21st August 1992. The Company is engaged in manufacture/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 is having manufacturing facility at Uttar Pradesh, Haryana and Rajasthan. The Company operates both in domestic and international markets.

1(ii) Significant Accounting Policies

(a) Basis of Preparation of Accounts

- The consolidated financial statements have been prepared on going concern basis to comply with the requirements of clause 32 of the listing agreement and in accordance with Accounting Standard (AS) 21 on "Consolidated Financial Statements" and Accounting Standard (AS) 3 "Cash Flow Statement.
- The consolidated financial statements comprise the financial statements of its 100% subsidiary, incorporated in Dubai, namely Kwality Dairy Products FZE.
- The financial statement of subsidiary used in consolidation is drawn up to the same reporting date as that of parent company.
- The financial statement of the subsidiary are prepared by them on the basis of generally accepted accounting principles, local laws and regulation as prevalent in its respective country and such financial statements are considered for consolidation.
- The consolidated financial statements have been prepared based on a line-by-line consolidation. The effect of inter-company transactions is eliminated in consolidation and amount arising on account of converting foreign currency consolidation procedures are recognised in Foreign Currency Fluctuation Reserve.
- The excess of the cost to the parent company of its investment in subsidiary, on the acquisition date, is recognized in the financial statements as goodwill.

Name of Com an	Country of Incorporation	Ownershi	Voting Right
Kwality Dairy Products FZE	United Arab Emirates (Dubai)	100%	100%

(b) Use of Estimates

The preparation of financial statements are in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Differences between the actual results and estimates are recognised in the financial statements in the year which results are known/ materialised. If material, their effects are disclosed in the notes to the financial statements. Any revision to accounting estimates is recognized prospectively in the current and future periods.

{c) **Revenue recognition**

Sale of Goods
Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customer. Sales are recorded net of sales returns, sales tax, rebates, trade discounts and price differences.

Income from Services
Revenue from milk processing and other services, if any, are recognized as and when services are rendered and are accounted on an accrual basis.

Interest Income
Interest income is recognized on time proportion basis taken into account the amount outstanding and the rate applicable.

Exports Benefits
Exports benefits are recognized on accrual basis in the statement of profit and loss when the reasonable right to receive the same is established.

{d) Fixed Assets

Tangible Assets
Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes freight, duties, taxes, other expenses incidental to acquisition and installation and also includes financing cost relating to borrowed funds attributable to the contruction or acquisition of qualifying fixed assets upto the date the assets are ready for use. Where the acquisition of fixed assets are financed through long term foreign currency loans (having a term of 12 months or more at the time of their origination) the exchange differences on such loans are added to or subtracted from the cost of such fixed assets.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the impairment and gains or losses arising from disposal of fixed assets are recognized in the Statement of Profit and Loss.

Intangible Assets
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 are shown at cost of acquisition net of accumulated amortisation and accumulated impairment loss if any.

(e) **Depreciation:**

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written down value (WDV). Pursuant to the requirement of the Companies Act 2013 (The Act), The company has revised the depreciation rates 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 fixed assets, the useful life is different than those prescribed in Schedule II are used:

S.no	Head of Assets	Particulars	Useful Life
1	Plant & Machinery	Storing & Handling Units	2 Years
2	Plant & Machinery	AMCU	3 Years

Intangible asset 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.

(f) 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 profit and loss account 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 Statement of Profit and Loss.

Other Defined Plans:
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.

Employee Stock Option Plan (ESOP}:
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 Company follows the intrinsic value method to account for its stock based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortised over the vesting period of the option on a straight line basis.
The fair market price is the latest closing price on the date of the Board/ Committee meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, than the stock exchange where there is highest trading volume on the said date is considered.

(g} Inventories
Raw Material, components, stores and spares are valued at lower of cost and net realisable value.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials, labour and related production overheads in the ordinary course of business. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

(h} Investments
Investments if any which are readily realizable and intended to be held for not more than a year from the date on which the investment is made are classified as current investment. All other investments are classified as long term investment.

Current investments are stated at lower of cost or fair value. Long-term investments are stated at cost however provision for diminution in their value is made to recognize a decline, other than temporary value of the investment.

Investments in subsidiaries, joint ventures and associates if any are held for long term and valued at cost reduced by diminution of permanent nature therein, if any. No profit and losses of the subsidiaries are accounted for.

(i) **Provision for Current and Deferred Tax**
Income Tax expenses comprise current tax and deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit resulting from the timing difference between taxable and accounting income and the corresponding deferred tax liability and assets are recognized using the tax rates that have been enacted or substantively enacted on the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative tax credit is recognized as an asset only when and to the extent there is convincing evidence that The Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that The Company will pay normal income tax during the specified period.

(j) Impairment of Assets
The carrying amounts of The Company's assets are reviewed at each balance sheet date in accordance with Accounting Standard 28 'Impairment of Assets' to determine whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. Where there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, the Company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

(k) **Foreign Exchange Transactions**

Initial Recognition
On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition
. All monetary assets and liabilities in foreign currency are restated using the exchange rate prevailing at reporting date. As at the reporting date, nonmonetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at date of the transaction.

Exchange Differences

The Company has opted to avail the choice provided under paragraph 46A of AS-11 "The Effect of Changes in Foreign Exchange Rates" inserted vide Notification dated December 29, 2011. Consequently, Exchange differences arising on long-term foreign currency monetary items related to acquisition of depreciable capital asset added to or deducted from the cost of the asset and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

All other exchange differences are recognized as income or expenses in the period in which they arise.

(l) Government Grants

Government grants are recognized when there is reasonable assurance that the company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge. Other government grants are recognized as income over the periods necessary to match them with the costs for which are intended to compensate on a systematic basis.

(m) Borrowing Costs

Borrowing Costs that are attributable to the acquisition, construction of qualifying assets till the time such assets are ready for the intended use, are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are charged to revenue in the period in which these are incurred.

(n) Business Segments

The Company is engaged mainly in processing, manufacturing and trading of milk, milk products & dairy products. These, in the context of Accounting Standard 17 on Segment reporting, as specified in the Companies (Accounting Standards) Rules 2006, are considered to constitute one single primary segment. Hence Segment reporting is not required.

(o) Provisions, Contingent Liabilities and Contingent Assets

Provisions: Provisions are recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

Contingent Assets: Contingent assets are neither recognized nor disclosed.

(p) Leases

(i) Finance Lease
Assets acquired under finance lease are recognized at lower of the fair value of the leased assets at inceptions and the present value of minimum lease payment. Lease payment is apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

(ii) Operating Lease
Leases other than finance lease are operating and leased assets are not recognized in the company Balance sheet. Payment under operating leases is recognized in the Statement of Profit and Loss on a straight line over the lease term.

(q) Earnings per share
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

(r) Cash and Cash Equivalents
Cash and cash equivalents consist of cash, bank balances in current and short term highly liquid investments that are readily convertible to cash with original maturities of three months or less at the time of purchase.

Note 2 Share capital

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacsl	(f In Lacsl
(a) Authorised 100,00,00,000 Eauity Shares of '!'1/- each (previous year 100,00,00,000 Equity Share of '!' 1/- each)	10,000.00	10.000.00
	10,000.00	10,000.00
(b) Issued ,Subscribed and fully paid up 22,39,11,822 Equity Shares of '!'1/- each fully paid-up (previous year 21,87,30,475 Equity Shares of '!'1/- each fully paid-up)	2,239.12	2,187.30
Total	2,239.12	2,187.30

Refer Notes (i) to (v) below

(i) Reconciliation of the number of shares outstanding and amount of share capital:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	No. of Shares	(f In Lacs)	No. of Shares	(f In Lacs)
Equity Shares at the beginning of the year	218,730,475	2,187.30	203,186,434	2,031.86
Add: Shares issued during the year on conversion of Warrants (Refer note no 4)	5,181,347	51.82	15,544,041	155.44
Equity Shares at the end of the year	223,911,822	2,239.12	218,730,475	2,187.30

(ii) Rights, preferences and restrictions attached to the equity 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. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting.
- The dividend distributable to the shareholders tor the year ended on 31st March 2016, at the rate on 0.10 per equity share (previous year '!' 0.10) has been recoginised on 23,42,74 ,G10 nos. of equity :;harl:l:; l:lXlstlng on the date of board meeting (Including 1,03,62,694 nos. of equity shares alloted on conversion of warrants on 09 April 2016).
- Inthe 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 .

("i11) Deta1ls of shares held b1v each shareholder holding more than 5% of the aggrei:1ate shares in the Company:

Class of shares / Name of shareholder	As at 31 March, 2016		As at 31 March, 2015	
	Number of 11hart1 htld	% holding of aharea	Number of shares held	°In holclino or shares
Equity shares off 1 fully paid-up				
Mr Sanjay Dhln!Ira	152;.54,714	6/.9!>	102,104,714	69.56
Mis Pashupati Dairies Pvt. Ltd.	15,544,041	6.94	15,544,041	7.11

(iv) 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:

(a) The Company has not issued any shares pursuant to contract(s) without payment being received in cash.
(b) The Bonus issue is made by capitalisation of profit. However no bonus issues have been done in preceding 5 years
(c) The Company has not undertaken any buy back of shares.

(v) Shares reserved for issue under options and contracts/ commitments for sale/ disinvestment

There are no shares reserved for issue under contracts/ commitments for sale/ disinvestments. However the Company has reserved issuance of 1,00,00,000 (Previous Year Nil) Equity Shares of Rs 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 19,87,000 (Previous Year Nil) Options at a price of '!' 38 per option plus all applicable taxes . The options would vest over a period of 1 years. The other disclosure in respect of the ESOP Scheme are as under:

Total Option under the Scheme	1;00,00,000
Option issued	1,987,000
Vestina Period	1 vear
Vesting Date	For 19,37,000 Options July 23, 2016 and for 50,000 Options October 8, 2016
Exercise Price	'!'38
Outstandina at the beainnina of the vear	Nil
Option Vested durina the year	Nil
Exercised durina the year	Nil
Expired durino the year	Nil
Cancelled durino the year	Nil
Re-oranted durino the vear	Nil
Outstandina at the end of the vear	1,987,000
Exercisable at the end of the Year	Nil
Remainina contractual life (Weiahted Months)	4.05

Notes forming part of the Consolidated financial statements

Note 3 Reserves and surplus

Particulars	As at 31 March, 2016	As at 31 March, 2015
	('In Lacs)	('In Lacs)
(a) Share premium account		
Balance as at the beginning of the year	7,344.56	-
Add: Addition during the year	2,448.19	7,344.56
Closing balance	9,792.75	7,344.56
(b) Foreign Currency Translation Reserve (On Consolidation)#		
Foreign Currency Transaction Reserve	659.57	289.37
	659.57	289.37
(c) Employee Stock option Reserve		
Balance as at the beginning of the year	-	
Add: Addition during the year	607.42	-
Closing balance	607.42	-
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	54,795.62	40,676.41
.Add: Profit for the year	17,359.58	16,652.79
	72,155.20	57,329.20
Less: Adjustment on Account of Fixed Assets (Refer note no. 11)	-	2,270.32
Less: Ai;ii;iroi;iriations :		
Proposed Dividends on equity share (INR 0.10 per share)	234.27	218.73
Dividend distribution tax	47.69	44.53.
Closing balance	71,873.24	54,795.62
Total (a+b+c+d)	82,932.97	62,429.55

Translation Reserve represent conversion of balance in functional currency of foreign subs1d1ary company

Note 4 Money received against Warrants

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	No. of Convertible Warrants Allotted	Amount ('In Lacs)	No. of Convertible Warrants Allotted	Amount ('In Lacs)
Convertible Warrants at the beginning of the year	15,544,041	1,875.00	-	-
Amount Received against Warrants	-	1,875.00	-	-
Convertible Warrants Issued during the year			31,088,082	9,375.00
Less: Convertible Warrants converted into Equity Shares during the year	5,181,347	2,500.00	15,544,041	7,500.00
Convertible Warrants at the end of the year	10,362,694	1,250.00	15,544,041	1,875.00

Money received against Convertible Warrants represents amount received towards Convertible Warrants which entitles the warrant holder, the option to apply for and be allotted equivalent number of equity shares of the face value of Rs. 1 each. The Company on preferential basis has allotted the following Convertible Warrants at issue price of I!' 48.25 in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations 2009) in 2014-15

Name of Allotee	No. of Convertible Warrants Allotted	Consideration ('In Lacs)	Amount Received as % of Issue Price	Date of Allotment of Warrants
Convertible Warrants outstanding at end of ear				
1. Mr Sldhant Gupta	5,181,347	625.00	25%	November 3, 2014
2. Mis Sidhaant & Sons (HUF)	5,181,347	625.00	25%	November 8, 2014
Total	10. -162,694	1,250.00		
Convertible Warrants converted during the ear				
3. Mrs Sonika Gupta	5,181,347	2,500.00	100%	November 8, 2014
Total	5,181,347	2,500.00		

The allotees at Sr. no. 1 to 2 above are entitled to apply for and be allotted one equity share for each Warrant held by them on payment of balance 75% of the issue price within 18 months from the date of allotment of Convertible Warrants. The allottee at Sr. no. 3 exercised its right to convert the Convertible Warrants into equity shares after paying the balance amount and accordingly 51,81,347 equity shares were issued to Mrs Sonika Gupta for an aggregate consideration of I!' 2500.00 lacs.

Utilisation of proceed of Convertible Warrants issued: The amount *of* ' 1,875 lacs received against Convertible Warrants has been utilised towards capital expenditure requirement.

Note 5 Long-term borrowings

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	(f InLacs)		(f InLacs)	
	Non Current	Current	Non Current	Current
(1) Secured				
(a) Vehicle loans from Banks (Refer note 1)	245.44	149.76	111.39	97.87
(b) Vehicle loans from Other Parties (Refer note -2)	26.37	14.07	40.44	12.75
(c) External Commercial Borrowings (ECB) (Refer note -3)	5,969.96	-	-	-
	6,241.77	163.83	151.83	110.62
(2) Unsecured				
(a) Term loans From Dank (Refer Note-4)	3,709.64	836.24	1,591.35	686.01
(b) Term loans From Other Parties (Refer Note-5)	15,645.63	4,052.44	13,063.21	455.88
	19.355.27	4,888.68	14,654.56	1,141.90
Total 11+2l	25 597.04	5 052.51	14 806.39	1252.52

Notes:

1). Vehicle loans taken from various banks are secured by hypothecation of Vehicles. Rate of Interest varies between 6% to 12.75%. Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging between 36 to 60 months. The repayment obligation in future of above loans is as under:-

Particulars	2016-17	2017-18	2018-19	Beyond 2018-19
	(f InLacs)	(f InLacs)	('InLacs)	(f InLacs)
a) Vahicle Loan from Banks	149.91	108.73	70.73	66.13
	149.91	108.73	70.73	66.13

2). Vehicle loans from others are secured by hypothecation of Vehicles. Rate of Interest varies between 10.25% to12.75%. Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging between 36 to 60 months. The repayment obligation in future of above loans is as under-

Particulars	2016-17	2017-18	2018-19
	(f InLacs)	(f InLacs)	(f InLacs)
a) Vehicle loans from Others	14.07	13.95	12.42
	14.07	13.95	12.42

3) External commercial Borrowings (ECB) taken from Union Bank of India (U.K) Limited amounting to USD 9 million (5969.96 lacs). The loan is secured by way entire project assets of the Company and personal guarantee of Mr Sanjay Dhingra Managing Director of the Company. It is further collaterally secured by way of first pari passu charge on existing land 3.195 acres at Palwal on which the proposed project is located and additional 1.88 acres adjacent to the existing unit at Palwal (Haryana). Till the creation of the charge ,the Company has provided additional security in form of pledge of shares of Kwality Limited in the name of Mr Sanjay Dhingra to the extent that market value of the Equity shares will be USO 4.5 millions. Present rate of Interest on loan is 3 months LIBOR plus 450 bps. The repayment obligation in future of above loans is as under:-

Particulars	2016-17	2017-18	2018-19	Beyond 2018-19
	(f InLacs)	(f InLacs)	(f InLacs)	(f InLacs)
a) Union Bank of India (U.K) Limited	-	795.99	795.99	4,377.97
Total Term Loans from Banks	-	795.99	795.99	4,377.97

4a) Term Loan from Bank includes loan taken from IDBI Bank Limited. The loan is secured by way of exclusive charge on Immovable property held in the name of director & other party situated at Golden Park, Rampura Road, Basai Darapur, New Delhi and the land / properties held in the name of JTPL Townships Pvt Ltd situated at JTPL City, Sector-115 Mohali (Punjab). The loan is further secured by personal / Corporate guarantee of Mr.Sanjay Dhingra, Managing Director of Company and property owners. Present rate of Interest on loan is 11.5%.

4b) Term Loan from Bank includes loan taken from Karur Vysya Bank Limited. The loan is secured by way of fresh Equitable Mortgage on land/ properties in the name of JTPL Townships Pvt Ltd situated at JTP City, Sector-115 Mohali (Punjab). The loan is further secured by personal / Corporate guarantee of Mr.Sanjay Dhingra, Managing Director of Company and property owners. Present rate of Interest on loan is 12%.

4c) Term loans from Banks includes loan of INR 279.36 lacs (INR 277.36 lacs) Lacs taken by Kwality Dairy Products FZE ' the Subsidiary' , and are secured by mortgage of Property. Loans against property is payable in 15 years and rate of interest has been fixed @4.99% for first two year and EBOR plus 3% thereafter.

The repayment ob 1gat1on in uture of above loans is as under:-

Particulars	2016-17	2017-18	2018-19	Beyond 2018-19
	(f In Lacs)	(f In Lacs)	(f In Lacs)	(f In Lacs)
a) IDBI Bank Ltd	666.66	666.66	-	-
b) Karur Vysya Bank Limited	184.38	737.50	737.50	1,290.62
b) First Gulf Bank	20.65	20.65	20.65	217.72
Total Long Term Loans from Banks	871.69	1,424.81	758.15	1,508.34

5) Term Loans from Other party are from IFCI Ltd 10000.00 lacs (previous year 10000.00 lacs), from DMI Finance Pvt Ltd 3080.00 lacs (previous year 3500.00 lacs), from Aditya Birla Finance Limited 3500.00 lacs (previous year Nil) and Hero Fincorp Limited 3500.00 lacs (previous year Nil).

5.a) Loan from IFCI Limited is secured by way of Exclusive mortgage on the immovable property in the name of JTPL Townships Pvt Ltd. situated at JTPL City, Sector-115,Mohali (Punjab) and pledge of shares of Kwality Limited in the name of Mr. Sanjay Dhingra and further secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL Townships Pvt Ltd. The present rate of Interest on loan is 13.25%.

5.b) Loan from DMI Finance Pvt Ltd is secured by way of pledge of equity shares of Kwality Limited in the name of Mr. Sanjay Dhingra. Also the loan is secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company. Rate of interest on loan is 14.60%.

5.c) Loan from Aditya Birla Finance Limited was secured by way of equitable mortgage on land/ property inthe name of JTPL Townships Pvt ltd. situated in Mohali (Punjab), and further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of company and corporate guarantee of JTPL Townships Pvt Ltd. The rate of Interest on loan is ranging from 12.50% to 12.75%.

5.d) Loan from Hero Fincorp Limited was secured by way of pledge of shares of Kwality Limited held in the name of Mr. Sanjay Dhingra. Loan was further secured by exclusive charge over residential/commercial plots situated in Chandigarh and personal guarantee of Mr. Sanjay Dhingra, Managing Director of Company and corporate guarantee of JTPL Townships Pvt Ltd. Rate of intereston loan was 12.75%.

The repayment oblligat1on m future of above oans 1s as under:-

	Particulars	2016-17	2017-18	2018-19	Beyond 2018-19
		(f In Lacs)	(f In Lacs)	(f In Lacs)	(f In Lacs)
a)	IFCI Limited	2,500.00	2,500.00	2,500.00	2,500.00
b)	DMI Finance Pvt Ltd	661.49	764.80	764.80	872.13
c)	Aditya Birla Finance Limited	333.33	333.33	333.33	2,305.56
d)	Hero Fincorp Limited	557.62	633.02	718.62	1,420.05
	Total Long Term Loans from Others	4,052.44	4,231.15	4,316.75	7,097.73

Note 6 Long-term provisions

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(t' In Lacs)	(f In Lacs)
(al Provision for Emplor..ee benefits:		
(i) Provision for compensated absences (net)	69.84	48.25
(ii) Provision for gratuity (net) (Refer Note 25.8)	113.38	90.81
Total	183.22	139.06

Note 7 Short-term borrowings

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
(1) Secured		
(a) Loans From Banks		
i) Cash Credit Facilities (refer note 1 b elow)	113,272.45	102,267.44
ii) LC/ VBD Due to Banks (refer note 1 below)	2,651.11	6,587.33
iii) Buyers Credit (refer note no 1 below)	5,535.76	-
Total	121,459.32	108,854.77

Note.-1

Loans from Bank towards working capital are secured by way of :-

a) First pari passu charge on the entire current assets of the company.

b) 1st paripassu 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).

c) 1st paripassu charge on entire fixed assets of M/s Pashupati Dairies Pvt. Ltd. including Equitable mortgage of Land and Building situated at village Kumarhera, Saharanpur (UP).

d) Corporate guarantee of M/s Pashupati Dairies Pvt Ltd.

e) Negative lien for non disposal/ non transfer of 51 % of equity share held by Mr. Sanjay Dhingra.

f) Personal guarantee of Mr. Sanjay Dhingra, Chairman & Managing Director of Company .

g) 10% Cash margin for LC in the form of Fixed Deposits.

h) The outstanding Buyers credit facility includes an amount of USO 1,35,402.25 (previous year nil) is against 100% margin from Corporation Bank

i) Loans from banks includes working capital loan and buyers credit facility availed by Kwality Dairy Products FZE which are secured by Corporate Guarantee (unconditional/irrevocable) of M/s Kwality Limited (Parent Company), Personal Guarantee (unconditional/irrevocable) of Directors of Parent Company and Mrs. Kanika Dhingra, Mortgage of immovable Property, Assignments of receivables and pledge of all assets. Further, Fixed deposits and cash margins are under pledge & lien in favour of the Bank.

Note 8 Trade payables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
Trade payables		
-For Goods	4,303.84	4,633.19
-For Services	907.40	566.54
Total	5,21124	5,199.72

Note 9 Other current liabilities

Particulars	As at 31March, 2016 ('InLacs)	As at 31 March, 2015 ('InLacs)
(a) Current maturities of long-term debts (Refer Note 5 above)	5,052.51	1,252.52
(b) Interest accrued and due on borrowings	101.69	76.05
(c) Interest accrued but not due on borrowings	149.93	52.74
(d) Unclaimed dividends*	34c56	34.77
(e) Otherpayables		
(i) Statutory payments	4,292.62	3,240.77
(ii) Contractually reimbursement expenses to Employee	281.15	209.29
(iii) Payables for capital goods	349.98	1,432.09
(iv) Trade / security deposits received	499.31	441.85
(v) Advances from customers	468.69	361.14
(vi) Expenses Payable	159.02	110.65
Total	11,389.47	7,211.87

~~*There are no amounts due for payment to~~ The Investor Education and Protection Fund under ~~Section~~ 205C of the ~~Company~~ Act, 1956 as at the *yeat* end.

Note 1O Short-term provisions

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
(a) Provision for employee benefits:		
(i) Provision for bonus	70.85	39.07
(ii) Provision for compensated absences (net) (Refer Note 26.9)	12.13	6.98
(iii) Provision for gratuity (net) (Refer Note 26.9)	6.88	4.69
	89.85	50.75
(b) Provision - Others:		
(i) Provision for Income tax *	4,426.06	3,567.27
(ii) Provision for proposed equity dividend	234.27	218.73
(iii) Provision for tax on proposed dividends	47.69	44.53
(iv) Provision for Wealth Tax	-	0.64
	4,708.03	3,631.17
Total	4.797.88	3.881.92

* Net of TDS 20.59 lacs (µreviuu:; year 6.09 lacs) and MAT credit *of'* 2993.61 lacs (previous *yeat* *Nil)

KWALITY LIMITED

Notes forming part of the consolidated financial statements

Note 11 Fixed Assets

(InLacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION					
	Opening As at 01.04.15	Additions During the Year	Deduction/ Adjustment during the year	Closing As a! 31.03.2016	Opening As at 01.04.15	For the Year 31.03.2016	Adjustment on account of sales/transfer	Closing As at 31.03.2016	WDV As On 31.03.2016	WDV As On 31.03.2015
Tangible Assets										
Land	1,048.87	3.91	-	1,052.78	-	-	-	-	1,052.78	1,048.87
Computer	167.29	19.70	-	186.98	132.84	22.57	-	155.41	31.57	34.45
Building	2,486.07	55.27	-	2,541.34	508.12	158.16	-	666.28	1,875.06	1,977.95
Plant & Machinery	7,97633	2,208.28	5.47	10,179.14	4,707.47	1901.87	3.24	6,606.09	3,573.05	3,26886
Furniture & Fixture	33.49	11.92	-	45.41	15.03	7.76	-	22.79	22.62	18.46
Office Equipment	38.11	4.21	-	42.32	18.37	9.28	-	27.65	14.66	19.74
Vehicles & Motor Cars	866.77	399.03	63.05	1,202.76	505.97	211.14	48.29	668.82	533.94	360.80
Tangible Assets Subtotal (A)	12,616.92	2,702.32	68.52	15,250.73	5,887.80	2,310.78	51.53	8,14704	7,103.68	6,729.13
Intangible Assets										
Computer Software	17.48	60.46	-	77.93	13.39	25.87	-	39.26	38.67	4.08
Copyright	-	100.00	-	100.00	-	-	-	-	100.00	-
Subtotal (B)	17.48	160.46	-	177.93	13.39	25.87	-	39.26	138.67	4.08
Capital Work in Progress	11,836.22	9,970.07	2,307.77	19,498.52	-	-	-	-	19,498.52	11,836.22
Total Subtotal (C)	11,836.22	9,970.07	2,307.77	19,498.52	-	-	-	-	19,498.52	11,836.22
Figures for the Current Year	24,470.62	12,832.85	2,376.29	34,927.18	5,901.19	2,336.65	5153	8,186.30	26,740.87	18,569.43
Figures for the Previous Year	17,612.76	11,209.26	4,351.65	24,470.37	4,835.14	2,530.03	1,464.23	5,900.94	18,569.43	12,777.62

Capital Work in Progress include fluctuation on account of foreign exchange amounting to 35.84 lacs (Previous year 20.15 lacs) (Refer note no 1(ii)(k))

Note 12 Long-term loans and advances

Particulars	As at 31March,2016	As at 31 March, 2015
	(f InLacs)	(f InLacs)
Unsecured considered good		
(a) Capital advances	16,435.33	4,346.50
(b) Security deposits	67.92	70.02
(c) Mat Credit entitlement	1,410.81	4,404.41
Total	17,914.06	8,820.93

Note 13 Other Non Current Assets

Particulars	As at 31 March,2016	As at 31 March, 2015
	(f InLacs)	(f InLacs)
Considered good		
(a) Balance with Banks (Refer note below 1)	72.58	167.36
Total	72.58	167.36

(1) ~~Represent bank deposits not due for realisations within~~ 12 month of balance sheet date. ~~Further refer note~~ no.16.

Kwalitv Limited

Notes forming part of the consolidated financial statements

Note 14 Inventories

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
(a) Raw materials	133.08	124.04
(b) Work-in-progress (Refer Note below)	2,809.32	3, 170.03
(c) Finished goods (other than those acquired for trading)	10,348.69	25,176 .99
(d) Stock-in-trade (acquired for trading)	2,800.51	5.53
(e) Goods in Transit	331.40	-
(f) Stores and spares	213.24	193.00
(g) Packing Material	419.10	434.60
Total	17,055.33	29,104.19

Note:

Work-in-progress

Particulars	(f In Lacs)	(f In Lacs)
FAT/Butter/Ghee	2,173 .62	2,338.58
SMP/WMP/Other	635.70	831.45
	2,809.32	3,170.03

Note 15 Trade receivables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	288.83	65.02
	288.83	65.02
Less: Provision for doubtful trade receivables	1.65	1.65
	287.18	63.37
Other Trade receivables		
Unsecured, considered good	165,250.36	132,395.27
	165,250.36	132,395.27
Less: Provision for doubtful trade receivables	-	-
	165,250.36	132,395.27
Total	165,537.54	132,458.64

Note 16 Cash and Bank Balance

Particulars	As at 31 March, 2016 ('In Lacs)	As at 31 March, 2015 ('In acs)
Cash and Cash Equivalents :		
(a) Cash in hand	197.58	88.86
(b) Balances with banks		
(i) In current accounts	2,226.47	1,187.81
(ii) Cheques In hand	2,616.83	1,611.00
Other Bank Balances		
(i) In deposit accounts held against bank guarantees/Letter of Credits/Borrowings	3,619.72	2,410.19
(ii) In earmarked accounts		
- Unpaid dividend accounts	34.56	34.77
	8,695.16	5,332.63
Less: Deposit having maturity more than 12 month from balance sheet date are shown under note no.13	72.58	167.36
Total	8,622 .59	5,165.28

Note 17 Short-term loans and advances

Particulars	As at 31 March, 2016 ('In Lacs)	As at 31 March, 2015 ('In Lacs)
Unsecured considered good		
(a) Security deposits	67.47	75.53
(b) Loans and advances to em ployees	17.17	17.89
(c) Advance Recoverable in c ash or kind or for value to be received	17,166.17	11,609.09
(d) Prepaid Expenses	85.86	87.79
(e) Balances with government authorities *	385.56	315.30
Total	17,722.23	12,105.60

* Includes 169.09 lacs (previous year 157.27 lacs) with Haryana Livestock Development Board against demand and disputed before Supreme Court of India. Further refer note 25.1.

Note 18 Other current assets

Particulars	As at 31 March, 2016 ('In Lacs)	As at 31 March, 2015 ('In Lacs)
(a) Accruals		
(i) Interest accrued on Fixed deposits	21.03	28.36
(ii) Income Receivables	194.38	18.80
Total	215.42	47 .16

Kwality Limited
Notes forming part of the consolidated financial statements

Note 19 Revenue from operations

	Particulars	For the year ended 31 March, 2016 (t' In Lacs)	For the year ended 31 March, 2015 (t' In Lacs)
(a)	Sale of products (Refer Note (i) below)	641,391.98	587,698.80
(b)	Other Operating Income (Refer Note (ii) below)	13.33	134.66
	Total	641,405.32	587,833.47

Note	Particulars	For the year ended 31 March, 2016 (t' In Lacs)	For the year ended 31 March, 2015 (t' In Lacs)
(i)	Sale of products comprises :		
	Manufactured goods		
	Fat/Butter/Cream/Ghee	92,260.70	98,639.69
	SMP/WMP/DW/DC/SNF	66,524.01	57,864.04
	Milk/Toned Milk/Double Toned Milk	230,783.58	209,589.37
	Curd	47,166.95	48,904.44
	Less: Excise Duty	0.16	2.10
	Total - Sale of manufactured goods	436,735.08	414,995.44
	Traded goods		
	Fat/Butter/Cream/Ghee	2,121.62	1,896.05
	SMP/WMP/DW/DC/SNF/AMF	103,832.98	111,348.65
	Milk	60,116.69	59,087.54
	Cattle Feed & Supplements	193.60	371.12
	Vitamin Premix	31,064.54	-
	Others	7,327.47	-
	Total - Sale of traded goods	204,656.90	172,703.37
	Total - Sale of products	641,391.98	587,698.80
(ii)	Other Operating Income comprises :		
	Income From Export incentive	0.53	104.67
	Sale of Scrap	12.81	29.99
	Total - Other Operative Income	13.33	134.66

Note 20 Other income

	Particulars	For the year ended 31 March,2016 ('In Lacs)	For the year ended 31 March, 2015 ('In Lacs)
(a)	Interest income (Refer Note (i) below)	243.90	77.96
(b)	Net gain on foreign currency transactions and translation	2,673 .73	462.62
(c)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	60.18	632.85
	Total	2,977.80	1,173.43

Note	Particulars	For the year ended 31 March, 2016 ('InLacs)	For the year ended 31 March, 2015 ('In Lacs)
(i)	Interest income comprises:		
	Interest from banks on deposits	243.90	77.96
	Total - Interest Income	243.90	77.96

Note	Particulars	For the year ended 31 March, 2016 ('In Lacs)	For the year ended 31 March, 2015 ('InLacs)
(ii)	Other non-operating income comprises:		
	Profit on sale of fixed assets	2 .57	2.20
	Miscellaneous income	31.94	23.35
	Claims recovered	11.14	5.67
	Security Forfeited	-	176.50
	Liability no longer payable	14.53	113.59
	Provision for Doubtful Debts	-	296.13
	Rent	..	15.41
	Total - Other non-operating income	60.18	632.85

Note 21.a Cost of materials consumed

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	('In Lacs)	('In Lacs)
Opening stock	124.04	298.83
Add: Purchases	372,402.31	381,262.32
	372,526.35	381,561.14
Less: Closing stock	133.08	124.04
Cost of material consumed	372,393.27	381,437.10
Material consumed comprises:		
Milk	358,685.28	362,744.94
Butter fat/Ghee	7,819.90	8,930.84
Others	5,888.08	9,761.33
Total	372,393.27	381,437.10

Note 21.b Purchase of traded goods

Particulars	For the year ended 31 March, 2016	For the year ended 31 M(Ir J 2015
	(f In Lacs)	(f In Lacs)
Milk	59,0b'1.68	57,570.68
Fat/Butter/Cream/Ghee	2,051.17	1,482.51
SMP/WMP/DW/DC/SNF/AMF	99,226.28	106,080.42
Cattle Feed & Supplements	182.21	354.64
Vitamin Premix	27,557.48	-
Others	8,078.37	-
Total	196,153.19	165,488.26

Note 21.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	(f In Lacs)	(f In Lacs)
Inventories at the end of the ear:		
Finished goods	13,149.19	25,182.52
Work-in-progress	2,809.32	3,170.03
	15,958.51	28,352.55
Inventories at the beginning of the ear:		
Finished goods	25,182.52	13,595.26
Work-in-progress	3,170.03	4,412.66
	28,352.55	18,007.92
Net (increase) / decrease	12,394.03	(10,344.63)

Kwalitv Limited

Notes forming part of the consolidated financial statements

Note 22 Employee benefits expense

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	(f In Lacs)	(f In Lacs)
Salaries and wages	2,578.80	2,221.20
Contributions to provident and other funds	74.71	66.37
Gratuity & Leave Encashment (Refer Note 25. 8)	63.05	74.44
Recruitment Expenses	27.49	1.00
Staff welfare expenses	75.33	65.73
Employee Welfare and other amenities-ESOP	607.42	-
Total	3,426.79	2,428.73

Note 23 Finance costs

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	(f In Lacs)	(f In Lacs)
Interest expense on Borrowings	15605.87	13820.31
Other Borrowings Cost	139.10	210.33
Total	15,744.97	14,030.64

Note 24 Other expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	(f In Lacs)	(f In Lacs)
Advertisement & Sales Promotio n	7,024.21	1,996.73
Bad- Debts & Balances W/off	-	304.51
Bank Charges	234.66	227.00
Commission & Brokerage	108.85	137.09
Communication Expenses	70.03	64.34
Consumption of packing materia ls	4,122.86	2,350.22
Consumption of stores and spar e parts	234.19	262.63
Donations and contributions	2.17	-
Export Expenses	57.69	17.37
Insurance	54.94	60.70
Legal and professional	240.80	93.86
Loss on fixed assets sold	8.26	-
Miscellaneous expenses	629.27	762.23
Payments To Auditors (Refer No te (25.5)	11.45	8.43
Power and fuel	1,400.72	2,177.29
Printing and stationery	26.22	22.95
Prior Period Items (Refer note 2 4.1)	87.06	16.29
Processing Charges of Milk	862.34	1,473.20
Rates and taxes	57.60	45.85
Rebate & Discount	16.09	87.31
Rent	291.69	272.00
Repairs and maintenance - Buildings	63.88	71.24
Repairs and maintenance - Mach inery	92.32	152.84
Transportation Charges	2,146 .82	2,899.38
Travelling and conveyance	233.73	234.88
Vehicle Running Expenses	85.99	92.30
Total	18,163.84	13,830.62

Note

24.1) Detail of Prior period Items

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	(f In Lacs)	(f In Lacs)
Prior Period Expenses	87.06	16.29
Prior Period Incomes	-	-
Total	87.06	16.29

25.1).Contingent Liabilities and other Commitments: (f In Lacs)

Particulars	As At 31 March, 2016	As At 31 March, 2015
Contingent liability (to the extent not provided for)		
Claim against the company not acknowledged as debts		
Milk cess disputed by the company relating to issue of applicability against which the company has preferred an SLP against the order of Punjab & Haryana High Court before Hon'ble Supreme Court of India. A liability of Cess principal amounting '371.21 lacs from which a sum of '169.09 lacs (previous year '157.27 lacs) deposited under protest and a sum of '1970.45 lacs on account of interest liability raised by Semen Bank officer, of Haryana Livestock Development Board for which the matter is already before Hon'ble Supreme Court.	2,172.57	1,218.34
A civil recovery suit has been filed by M/s S.M. Milkose Ltd. 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
Sales Tax Matters in Appeallate Authorities	57.29	66.38
DEPB Credit matter in CESTAT tribunal	69.44	69.44
Contingent Liability for Bank Guarantee	660.55	1,570.23
Contingent Liability under EPCG License	593.34	703.11
Commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	2972.81	485.71

25.2). The deferred tax asset comprise of the following:

Particulars	As At 31 March, 2016	As At 31 March, 2015
Deferred Tax Assets		
Related to Fixed Assets	3,408.60	147.00
	3,408.60	147.00

25.3).The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act has not been ascertained.

25.4). Payment to Auditors: ('In Lacs)

Particulars	As At 31 March, 2016	As At 31 March, 2015
Audit Fees	9.73	7.30
Tax Audit Fees	1.72	1.13
	11.45	8.43

25.5). Managerial Remuneration ('In Lacs)

Particulars	As At 31 March, 2016	As At 31 March, 2015
Salaries and Allowances	212.58	230.20

25.6) Statement of Earning Per Share ('In Lacs)

Particulars	As At 31 March, 2016	As At 31 March, 2015
Net Profit attributable to Equity Shareholders (INR In lacs)	17,359.58	16,652.79
Weighted Average Number of Equity Shares		
ia) used as denominator for calculating EPS (Basic)	219000189	205997137
ib) used as denominator for calculating EPS (Diluted)	224247499	218730475
ii) Nominal value per share (in INR)	1.00	1.00
iii) Basic Earning Per Share (in INR)	7.93	8.08
iii) Diluted Earning Per Share (in INR)	7.74	8.02

25.7) RELATED PARTY DISCLOSURES

AsperAccountingStandard 18disclosuresoftransactions withtherelatedpartiesaregivenbelow:

Relationships

1 Key managerial personnel (KMP)

Rattan Sagar Khanna
Sanjay Dhingra
ManjitDahiya
SK Bhalla
Sidhant Gupta
Arun Srivastava
Pinky Singh(Upto 23/01/2016)
Ankita Mehrotra
Sunit Shangle
Deepa Kapoor (Upto 16/05/2015)
Pradeep Kumar Srivastava

2 . EnterprisesonwhichKey Managerial person having significant influence

JTPL Townships Pvt Ltd
Pashupati Dairies Pvt Ltd Kwality
Dairy Investments Pvt Ltd.
Sahayogi Foundation

3 Relative of Key Managerial Person

KanikaDhingra
Ved Parkash Gupta
Sonika Gupta
Sidtiaantand Sons(HUF)

Balances with related parties ('InLacs)

Related Party	Nature of Transactions	As At 31 March, 2016	As At 31 March, 2015
PashupatiDairiesPvtLtd	AmountPayableinrespectofServices/Rent.	49.38	41.86
	Amount Payablein Respectof Royalty	9.38	-
	Guaranteetakenfor Financial Limits	112,643.00	112,643.00
JTPL Townships Pvt Ltd	Collateral Security/guarantee taken	23,000.00	13,000.00
Sanjay Dhingra	Guarantee taken for Long Term Loans	29,000.00	16,500.00
	Guarantee taken for Financial Limits	112,643.00	112,643.00
	Shares Pledgefor Loan	38,363.50	15,604.00
SidhantGupta	Collateral Security/guarantee	1,500.00	1,500.00

Disclosures in respect of material transactions with related parties (During the Year)

Related Party	Nature of Transactions	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Pashupati Dairies Pvt Ltd	-Inter Corporate Loans repaid/Converted	-	7,500.00
	-Services Received	-	128.83
	-Rent Paid	60.00	44:50
	-Royalty Paid	10.28	9.00
	-Allotment of Share Capital	-	7,500.00
	-Guarantee taken for Financial Limits	-	112,643.00
	-Dividend Paid	15.54	-
JTPL Townships Pvt Ltd	-Collateral Security/guarantee Taken	10,000.00	5,500.00
Sanjay Dhingra	-Guarantee released for Financial Limits	-	2,412.00
	-Guarantee for Long Term Loans	12,500.00	9,000.00
	-Managerial Remuneration	130.20	130.20
	-Dividend Paid	152.15	152.15
	-Shares Pledge for Loan	22,759.50	12,449.00
Kanika Dhingra	-Guarantee released for Long Term Loans	-	3,000.00
	-Guarantee released for Financial Limits		87,500.00
Sidhant Gupta	-Managerial Remuneration	82.38	100.00
	-Allotment of Share warrant (amt paid 25%)	-	625.00
	-Meeting Fee	1.10	
Sidhaant and Sons (HUF)	-Allotment of Share warrant (amt paid 25%)	-	625.00
Sonika Gupta	Allotment of share warrants	-	625.00
	Allotment of equity shares	1,875.00	-
Rattan Sagar Khanna	-Meeting Fee	1.50	0.80
Arun Srivastava	-Meeting Fee	1.50	1.30
Pinky Singh	-Meeting Fee	1.20	-
Ankita Mehrotra	-Meeting Fee	0.30	-
S.K. Bhalla	-Remuneration	19.25	-
Manjit Dahiya	-Remuneration	18.78	-
Sunit Shangle	-Remuneration	27.89	23.86
Deepa Kapoor	-Remuneration	1.29	8.35
Pradeep Kumar Srivastava	-Remuneration	12.08	-
Ved Prakash Gupta	-Dividend Paid	5.83	5.83

25.8) .EMPLOYEE BENEFITS :

Employee Benefits

The Company has made provisions for employee benefits inaccordance with the Accounting Standard (AS) 15Revised "Employee Benefits". During the year, the Company has recognised the following amounts inits financial statements based on actuarial valuation done as per Projected Unit Credit Method.

(In Lacs)

Defined Contribution Plan	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Employer's contribution to Provident Fund	54.07	40.64
Employer's contribution to Employee State Insurance Fund	19.98	25.18
Employer's contribution to Employee welfare fund	0.66	0.55
Total	74.71	66.37

(In Lacs)

Defined Benefit Plan	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Change in Benefit Obligation	Gratuity	Gratuity
Liability at the beginning of the year	95.50	49.89
Interest Cost	7.64	3.99
Current service cost	37.37	34.91
Benefit Paid	(3.36)	(2.72)
Actuarial (gain)/loss on obligation	(16.91)	9.44
Liability at the end of year-recognized inthe Balance Sheet	120.26	95.50
Expenses recognized inthe Income Statement		
Interest cost on benefit obligation	7.64	3.99
Current service cost	37.37	34.91
Expected return on plan assets	-	-
Net actuarial(gain)/loss recognized in the year	(16.91)	9.44
Expenses recognised in Profit and Loss statement	28.11	48.34

(In Lacs)

Defined Benefit Plan	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Change in Benefit Obligation	Leave Encashment	Leave Encashment
Liability at the beginning of the year	55.24	31.63
Interest Cost	4.42	2.53
Current service cost	30.43	20.46
Benefit Paid	(8.21)	(2.50)
Actuarial (gain)/loss on obligation	0.09	3.11
Liability at the end of year-recognized inthe Balance Sheet	81.97	55.24
Expenses recognized inthe Income Statement		
Interest cost on benefit obligation	4.42	2.53
Current service cost	30.43	20.46
Expected return on plan assets	-	-
Net actuarial(gain)/loss recognized in the year	0.09	3.11
Expenses recognised in Profit and Loss statement	34.94	26.10
Discount rate current	8.00% per annum	8.00% per annum
Salary escalation current	5% per annum	5% per annum
Mortality	IALM 2006-2008 Ultimate	IALM 2006-2008 Ultimate
Withdrawal rate 18to 58 Years	2% per annum	2% oer annum

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.

An amount of '!63.05 Lacs /-(PY. '!74.44 Lacs) as contribution towards defined contribution plan is recognized as expense in the Profit & Loss Statement

25.9) CSR Expenditure

During the year, the company spent i!297.90 lakhs (previous year i!283.36 lacs) toward CSR under section 135 of the companies act 2013 and rules thereunder interms of policy framed Board of Directors.

25.1O).Other Notes

a) Previous year figure have been regrouped/reclassified wherever necessary to correspond with the current year classification/ disclosure.

As per our Report of even date

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

CA P.P. Mukerjee,
Membership No.:089854
Proprietor

Place : New Delhi
Date : 25-05-2016

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director
DIN:- 00025376

(Sid nt Gupta)
Dire tor
DIN:- 00666613

(CA Sunit Shangle)
Chief Finance Officer
M.No:-087626

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

P.P. MUKERJEE & ASSOCIATES
Chartered Accountants

11-Pratap Enclave, Mohan Garden,
Uttam Nagar, New Delhi-110059.
Email ca.ppmukerjee@gmail.com
Mobile: 9711009361

INDEPENDENT AUDITOR'S REPORT

To the Members of

KWALITY LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of *Mis* Kwality Limited, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 the financial statements are free from material misstatement.

PP Mukerjee & Associates New Delhi Chartered Accountants

An aud it involves performing procedures to obtain audit evidence about the amounts and the d isclosures i n the financial statements. The procedures selected depend on the aud itor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the aud itor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

We bel ieve that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our aud it opin ion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and accord ing to the explanations given to us, the aforesaid standalone financial statements give the information req uired by the Act in the manner so req uired and give a true and fair view in conformity with the accou nting princi ples generally accepted in Ind ia, of the state of affairs of the Company as at 3I March 20I6 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

I. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As req uired by Section 143 (3) of the Act, we report that:

a. We have sought & obtained al l the i nformation and explanations which to the best of our knowledge and bel ief were necessary for the purpose of our audit;

b. In our opinion proper books of account as req u ired by law have been kept by the Company so far as appears from our examination of those books.

c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. on the basis of the written representations received from the d irectors as on 31 March 2016 taken on record by the Board of Di rectors, none of the directors is d isq ualified as on 3I March 2016 from being appointed as a d irector i n terms of Section I64 (2) of the Act.

f. with respect to the adeq uacy of the i nternal financial controls over financial reporting of the Company and operati ng effectiveness of such controls, refer to our separate report i n "Annexure-B" ; and

PP Mukerjee & Associates
New Delhi
Chartered Accountants

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, 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 m its financial statements as referred to in Note 26.1 to the financial statements.

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.

(iii) There is no amount due to be transferred to the Investor Education and Protection Fund by the Company.

For P. P. Mukerjee& Associates
Chartered Accountants
Firm's Registration Number -023276N

P. P. Mukerjee
Proprietor
Membership Number 089854

Place: New **Delhi**
Date : 25th May , 2016

ANNEXURE TO THE AUDITOR'S REPORT OF *MIS* KWALITY LIMITED FOR THE YEAR ENDED 31ST MARCH 2016

I. *In respect of Fixed Assets :*

I .a) The Company has generally maintained proper records showing fu ll particulars including quantitative detai ls and situation of fixed assets.

1 .b The company has a regu lar programme of physical verification of its fixed assets in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancy was noticed on such verification.

1 .c According to the information and explanations given to us and on the basis of our examination of the records of the Company, all the title deeds are held in the name of the company.

2. The physical verification of the inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed during physical verification.

3. The Company has not granted any loan to companies, firms , Limited Liability Partnershi ps or other parties covered i n the register mai ntained u nder section 1 89 of the Companies Act, 2013 ('the Act') .

4. In our opin ion and accord ing to the i nformation and explanations given to us, the provisions of section 185 and 1 86 of the Compan ies Act, 2013 is not appl icable to the Company during the year under review.

5. The Company has not accepted any deposits from the publ ic.

6. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules , 2011 prescribed by the Central Government under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained . We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. *In respect of Statutory dues :*

7a). According to the records of the Company exami ned by us, the Com pany has been generally regu lar in depositi ng with appropriate authorities u nd isputed statutory d ues includ ing Provident fund, Em ployees' state insu rance, Income tax, Sales tax , Service tax, Custom duty, Excise duty, Val ue added tax, Cess and other Statutory dues with appropriate authorities except an u ndisputed amount of Income Tax liabil ity of Rs. 4163.12Lacs (Previous Year Rs. 4763.33 Lacs) outstanding as at the last day of the financial year for a period exceeding six months from the date it became payable.

7b). According to the records of the Company examined by us and according to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, custom duty, excise duty, value added tax which have not been deposited on account of any d ispute, except as u nder:-

PP Mukerjee & Associates New Delhi

Nature of Statute	Nature of Dues	Amount unpaid (Rs.In Lacs)	Year to which the amount relates	Forum where litigation is pendin2
Haryana Livestock Development Board, Gurgaon	Milk Cess	202.12 (169.09 deposited against 371.21 under protest)	2002-2016	Supreme Court OfIndia
---Do--	Interest on Milk Cess	1970.45	2002-2016	Supreme Court of India
Punjab VAT Act	VAT	22.04	2013-1 4	Excise and Taxation Comm.(Aooeal)
Kerala VAT Act	VAT	1.40	2013-14	High Court (Kerala)
UP VAT Act	VAT	42.93	2012-15	Add. Comm.(Appeal) Ghaziabad, UP
Rajasthan VAT Act	VAT	34.26	2015-16	Commercial Taxation Officer (Jaipur)
Haryana VAT Act.	VAT	12.00	2015-16	Asstt. Commissioner (Harvana)

8. The company has not defau lted in repayment of loans or borrowing or other dues to any financial institution, bank, Government or debenture holder.

9. The com pany has not raised any money by i nitial pu bl ic offer, further pu bl ic offer or debt instrument during the year. The money raised by term loan has been applied for the purpose it has been raised.

10. According to the information and explanations given to us, no fraud by the company or on the company by any officer or employee has been noticed or reported during the course of our audit.

11. According to the information and explanations given to us and based on our examination of the records of the company, the managerial remuneration paid during the year is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion and accord ing to i nformation and explanations given to us, the company is not a Nidhi Company. Accord ingly, paragraph 3(xi i) of the order is not appl icable.

13. Accord ing to the i nformation and explanations given to us and based on our exam ination of the records, al l transactions with the related parties are in compl iance with sections 177 and 188 of the Companies Act, 2013 and the relevant detai ls of such transactions have been d isclosed in the financial statements as req uired by the applicable accounting standards.

14. During the year under review the Company has made preferential allotment of shares in compliance to the requirement of section 42 of the Companies Act 2013, and the amount so raised have been used for the purpose for which the fund were raised.

PP Mukerjee & Associates New Delhi

15. According to the information and explanations given to us and based on our examination of the records, the company has not entered into any non-cash transaction with directors or any person connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. 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 Number
023276N

P.P Mukerjee
(Proprietor)
Membership Number 089854

Place :New Delhi
Date : 25th May, 2016

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 Kwality Limited ("the Company") as of 31 March 2016 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 ofreliable 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 we have 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 (I) 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

P Mukerjee & Associate

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 l imitations of internal financial controls over financial reporting, including the possi bility 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 inadeq uate because of changes in cond itions, or that the degree of compl iance with the pol icies or proced ures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 Aud it of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. P. Mukerjee& Associates
Chartered Accou ntants
Firm's Registration Number
023276N

PP Mukerjee & Associates
New Delhi
Chartered Accountants

P.P Mukerjee
(Proprietor)
Membership Number 089854

Place :New Delhi
Date :25th May, 2016

- *Kwality Limited*

Balance Sheet as at 31 March. 2016

	Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
			₹ In Lacs	₹ In Lacs
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	2,239.12	2,187.30
	(b) Reserves and surplus	3	73,880.03	56,681.61
	(c) Money received against warrants	4	- 1,250.00	
			- 1,875.00 77,369.15	60,743.91
2	Non-current liabilities			
	(a) Long-term borrowings	5	25,271.47	14,545.97
	(b) Long-term provisions	6	- 183.22	
			- 139.06 25,454.69	14,685.03
3	Current liabilities			
	(a) Short-term borrowings	7	103,286.19	94,006.68
	(b) Trade payables	8	3,933.59	5,113.86
	(c) Other current liabilities	9	11,359.04	7,043.11
	(d) Short-term provisions	10	- 4,797.88	3,881.92
			123,376.70	
			110,045.56	
	TOTAL		-	
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	11.A	6,388.15	6,068.61
	(ii) Intangible assets	11.B	138.67	4.08
	(iii) Capital work-in-progress	11.C	19,498.52	11,836.22
			26,025.34	17,908.91
	(b) Non-current investments	12	1,902.75	1,902.75
	(c) Long-term loans and advances	13	17,896.83	8,801.82
	(d) Other Non Current assets	14	72.58	167.36
	(e) Deferred Tax Assets (Net)	26.2	- 1,179.65	147.00
			47,077.15	28,927.84
2	Current assets			
	(a) Inventories	15	14,260.63	26,457.86
	(b) Trade receivables	16	141,918.55	115,135.71
	(c) Cash and cash equivalents	17	5,420.68	2,855.09
	(d) Short-term loans and advances	18	17,311.60	12,050.83
	(e) Other current assets	19	- 211.92	47.16
			179,123.39	156,546.65
	TOTAL		226,200.53	185,474.50
	Notes forming part of the financial statements	1-26		

In terms of our report attached.

For P.P. Mukerjee & Associates
Chartered Accountants
Firm's Registration No.028276N

P.P. Mukerjee & Associates New Delhi Chartered Accountants

CA P.P. Mukerjee
Membership No.:089854
Proprietor

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director
DIN

(Sidhant Gupta)
Director
DIN:- 00555513

(CA Sunit Shangle)
Chief Finance Officer
M.No:-087626

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

Place : New Delhi
Date : 25-05-2016

.Kwality Limited

Statement of Profit and Loss for the year ended 31 March, 2016

	Particulars	Note No.	For the year ended 31March, 2016	For the year ended 31March, 2015
			('InLacs)	('In Lacs)
1	Revenue from operations	20	572,422.91	526,917.10
2	Other income	21	2,940.93	1,139.63
3	Total revenue (1+2)		575,363.84	528,056.73
4	Expenses			
	(a)Costofmaterials consumed	22.a	372.393.27	381,437.10
	(b) Purchases of stock-in-trade	22.b	131,527.72	107,491.98
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.c	12,542.40	(9,689.79)
	(d) Employee benefits expense	23	3,268.40	2,348.63
	(e) Finance costs	24	14,727.81	13,413.55
	(f) Depreciation and amortisation expense	11	2,283.48	2,496.23
	(g) Other expenses	25	17,785.17	13,512.38
	Total expenses		554,528.25	511,010.08
5	Profit / (Loss) before tax (3 - 4)		20,835.59	17,046.65
6	Extraordinary / Exceptional Items			
7	Profit / (Loss) Before Tax (5-6)		20,835.59	17,046.65
8	Taxexpense:			
	(a) Tax expense for current year		7,440.26	3,574.05
	(b) (Less): MAT credit related to current year			(569.02)
	(c) Net current tax expense		7,440.26	3,005.03
	(d) Tax expense relating to prior years		3.20	16.05
	(e) Deferred tax		(1,032.65)	(67.73)
	Total Tax Expenses		6,410.80	2,953.35
9	Profit / (loss) from operations (7 -8)		14,424.79	14,093.30
10	Earnings per share (of f1/- each):			
	(a) Basic		6.59	6.84
	(b) Diluted		6.43	6.79
	Notes formin part of the financial statements	1-26		

Interms of our reportattached.

For P.P. Mukerjee & Associates
Chartered Accountants
Firm's Registration No.023278N

CA P.P. Mukerjee
Membership No.:089854
Proprietor

P.P. Mukerjee & Associates New Delhi Chartered Accountants

For and on behalf of the Board of Directors

Dhingra) **ing Director** **00025376**

(Sidhant Gupta) **Director** **DIN:- 00555513**

(CA t Shangle)
Chief Finance Officer
M.No:-087626

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

Place : New Delhi
Date : 25-05-2016

.K Kwality Limited

Cash Flow Statement for the ear ended 31 March 2016

Particulars	For the year ended 31 March, 2016 ₹ In Lacs	For the year ended 31 March, 2016 (₹ In Lacs)	For the year ended 31 March, 2015 (₹ In Lacs)	For the year ended 31 March, 2015 (₹ In Lacs)
A. Cash flow from Ql!e!J!tlng il!illlt:ltln				
Net Profit / (Loss) before extraordinary items and tax		20,835.59		17,046.65
Adiustments for:				
Depreciation and amortisation	2,283.48		2,496.23	
Amortisation of Expenses			4.95	
Employee Stock Option Reserve	607.42			
Loss on sale on assets	8.26		(2.20)	
(Profit) on sale on assets	(2 57)			
Finance costs	14,727.81		13,413.55	
Interest income	(222.36)		(59.57)	
Liability no longer payable	(14.53)		(113.59)	
Fixed Assets Discard			342.55	
Bad Debts & Other Balances W/off			304.51	
Unrealised Exchange Fluctuation	(471.22)		(134.59)	
Security Forfeited			(176.50)	
Other non-cash charges	39.11	16955.40	10.70	16066.04
Operating profit / (loss) before working capital changes		37,790.99		33,132.69
Changes in working g a/2f1.al:				
Adjustments for (increase) Idecrease in operating assets/Liabilities:				
Inventories	12,197.22		(9,709.88)	
Trade receivables	(26,311.59)		4,697.79	
Short-term loans and advances	(5,260.77)		(9,009.15)	
Other Current Assets	(164.76)		146.93	
Bank balances not considered as Cash and cash equivalents as defined in AS 3 *Cash Flow Statements*	(942.64)		(519.61)	
Long term Loans and Advances	0.21		21.00	
Long-term provision	44.15		64.07	
Trade payables	(1,165.76)		167.33	
Other current liabilities	(632.37)	(22,236.30)	244.10	(13,877.43)
Cash Generated from Operations		15,554.69		19,255.26
Cash flow from extra ordinary Items				
Net income tax (paid) / refunds		(2,579.43)		(7.06)
Net cash flow from / (used in) operating activities (A)		12,976.27		19,248.20
B. Cash flow from investing 1cvi in				
Capital expenditure on fixed assets, including capital advances	(22,514.29)		(15,172.28)	
Proceeds from sale of fixed assets	19.86		10.30	
Purchase of long-term investments- Subsidiaries			(1,276.19)	
Interest received	222.36		59.57	
Net cash flow from / (used in) investing activities (B)		22,272.07		16,378.59
C. Cash flow from financing il'1ilii l				
Proceeds from long-term borrowings	16,167.46		13,572.49	
Repayment of long-term borrowings	(1,628.76)		(9,356.72)	
Proceeds from Issue of Equity Shares/ Warrants	1,875.00		9,375.00	
Net increase / (decrease) in working capital borrowings	9,279.51		(1,671.88)	
Finance cost	(14,604.98)		(13,395.05)	
Dividends paid	(218.73)		(203.19)	
Tax on dividend	(44.53)		(34.53)	
Net cash flow from / (used in) financing activities (C)		10,824.97		1,713.88
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		1,526.17		1,155.73
Cash and cash equivalents at the beginning of the year		1,802.82		647.08
Cash and cash equivalents at the end of the year		3,330.99		1,802.81
Reconciliation of Cash & cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 17)	5,493.26		3,022.45	
Less: Bank balances not considered as Cash and cash equivalents as defined	(2,162.27)		(1,219.63)	
Net Cash and cash equivalents (as defined in AS 3 *CFS)*		3,330.99		1,802.82
Cash and cash equivalents at the end of the year •		3,330.99		1,802.82
* Comprises:				
(a) Cash on hand	169.55		68.65	
(b) Balances with banks (In Current Accounts)	3,161.43	3,330.99	1,734.17	1,802.82

Notes forming part of the financial statements (1-26

In terms of our report attached.
For P.P. Mukerjee & Associates
Chartered Accountants
Firm's Registration No.023276N

CA P.P. Mukerjee
Membership No.:089854
Proprietor

Mukerjee & Associates
New Delhi
Chartered Accountants

Place :New Delhi
Date : 26-06-2016

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director
DIN:- 00025376

(Sidhant Gupta)
Director
DIN:- 00555513

(CA Sunit Shangle)
Chief Finance Officer
M.No:-087626

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

Kwality Limited
Notes Forming Part of Financial Statements

1(i) General Information

Kwality Limited ("The Company") was incorporated on 21st August 1992. The Company is engaged in manufacture/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 is having manufacturing facility at Uttar Pradesh, Haryana and Rajasthan. The Company operates both in domestic and international markets.

1(ii) Significant Accounting Policies

(a) Basis of Preparation of Accounts

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis and comply with mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Companies Act 2013 (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) and as adopted consistently by the Company except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III as per Companies Act 2013. Based on the nature of products and the time between the acquisition of the same of processing and their realization in cash or cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of its assets and liabilities.

(b) Use of Estimates

The preparation of financial statements are in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accounting estimates could change from period to period. Actual results could differ from these estimates. Differences between the actual results and estimates are recognised in the financial statements in the year which results are known/ materialised. If material, their effects are disclosed in the notes to the financial statements. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(c) Revenue recognition

Sale of Goods

Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customer. Sales are recorded net of sales returns, sales tax, rebates, trade discounts and price differences.

Income from Services

Revenue from milk processing and other services, if any, are recognized as and when services are rendered and are accounted on an accrual basis.

Interest Income
Interest income is recognized on time proportion basis taken into account the amount outstanding and the rate applicable.

Exports Benefits
Exports benefits are recognized on accrual basis in the statement of profit and loss when the reasonable right to receive the same is established.

(d) Fixed Assets

Tangible Assets
Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes freight, duties, taxes, other expenses incidental to acquisition and installation and also includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying fixed assets upto the date the assets are ready for use. Where the acquisition of fixed assets are financed through long term foreign currency loans (having a term of 12 months or more at the time of their origination) the exchange differences on such loans are added to or subtracted from the cost of such fixed assets.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the impairment and gains or losses arising from disposal of fixed assets are recognized in the Statement of Profit and Loss.

Intangible Assets
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 are shown at cost of acquisition net of accumulated amortisation and accumulated impairment loss if any.

(e) **Depreciation:**
Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written down value (>NDV). Pursuant to the requirement of the Companies Act 2013 (The Act), The company has revised the depreciation rates 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 fixed assets, the useful life is different than those prescribed in Schedule II are used:

S.no	Head of Assets	Particulars	Useful Life
1	Plant & Machinery	Storing & Handling Units	2 Years
2	Plant & Machinery	AMCU	3 Years

Intangible asset 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.

(f) 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 profit and loss account 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 Statement of Profit and Loss.

Other Defined Plans:
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 inwhich they are incurred.

Employee Stock Option Plan (ESOP):
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 Company follows the intrinsic value method to account for its stock based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortised over the vesting period of the option on a straight line basis.

The fair market price is the latest closing price on the date of the Board/ Committee meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, than the stock exchange where there is highest trading volume on the said date is considered.

(g) Inventories

Raw Material, components, stores and spares are valued at lower of cost and net realisable value.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials, labour and related production overheads in the ordinary course of business. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sale.

(h) Investments

Investments if any which are readily realizable and intended to be held for not more than a year from the date on which the investment is made are classified as current investment. All other investments are classified as long term investment.

Current investments are stated at lower of cost or fair value. Long-term investments are stated at cost however provision for diminution in their value is made to recognize a decline, other than temporary value of the investment.

Investments in subsidiaries, joint ventures and associates if any are held for long term and valued at cost reduced by diminution of permanent nature therein, if any. No profit and losses of the subsidiaries are accounted for.

(i) Provision for Current and Deferred Tax

Income Tax expenses comprise current tax and deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit resulting from the timing difference between taxable and accounting income and the corresponding deferred tax liability and assets are recognized using the tax rates that have been enacted or substantively enacted on the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternative tax credit is recognized as an asset only when and to the extent there is convincing evidence that The Company will pay normal income tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that The Company will pay normal income tax during the specified period.

(j) Impairment of Assets

The carrying amounts of The Company's assets are reviewed at each balance sheet date in accordance with Accounting Standard 28 'Impairment of Assets' to determine whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. Where there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased, the Company books a reversal of the impairment loss not exceeding the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

(k) Foreign Exchange Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

All monetary assets and liabilities in foreign currency are restated using the exchange rate prevailing at reporting date. As at the reporting date, nonmonetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at date of the transaction.

Exchange Differences

The Company has opted to avail the choice provided under paragraph 46A of AS-11 "The Effect of Changes in Foreign Exchange Rates" inserted vide Notification dated December 29, 2011. Consequently, Exchange differences arising on long-term foreign currency monetary items related to acquisition of depreciable capital asset added to or deducted from the cost of the asset and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

All other exchange differences are recognized as income or expenses in the period in which they arise.

(l)Government Grants
Government grants are recognized when there is reasonable assurance that the company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge. Other government grants are recognized as income over the periods necessary to match them with the costs for which are intended to compensate on a systematic basis.

(m) Borrowing Costs
Borrowing Costs that are attributable to the acquisition, construction of qualifying assets till the time such assets are ready for the intended use, are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for the intended use. All other borrowing costs are charged to revenue inthe period inwhich these are incurred.

(n) Business Segments
The Company is engaged mainly in processing, manufacturing and trading of milk, milk products & dairy products. These, in the context of Accounting Standard 17 on Segment reporting, as specified inthe Companies (Accounting Standards) Rules 2006, are considered to constitute one single primarysegment. Hence Segment reporting is notrequired.

(o) Provisions, Contingent Liabilities and Contingent Assets
Provisions: Provisions are recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, istermed as a contingent liability.

Contingent Assets: Contingent assets are neither recognized nor disclosed.

(p) Leases

(i) Finance Lease
Assets acquired under finance lease are recognized at lower of the fair value of the leased assets at inceptions and the present value of minimum lease payment. Lease payment is apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

(ii) **Operating Lease**
Leases other than finance lease are operating and leased assets are not recognized inthe company Balancesheet. Payment under operatingleases is recognized inthe Statement of Profit and Loss on a straight line over the lease term.

(q) Earnings per share
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

(r) Cash and Cash Equivalents
Cash and cash equivalents consist of cash, bank balances in current and short term highly liquid investments that are readily convertible to cash with original maturities of three months or less at the time of purchase.

Kwalitv Limited
Notes formlna part of the financial statements

Note 2 Share capital

Particulars	As at 31 March, 2016	As at 31 March, 2015
	('In Lacs)	('In Lacs)
(a) Authorised 100,00,00,000 EQuitv Shares of {1/- each (previous year 100,00,00,000 Equity Share of <!' 1/- each)	10,000.00	10,000.00
	10,000.00	10,000.00
{b) Issued ,Subscribed and fully paid up 22,39,11,822 Equity Shares of'1/- each fully paid-up (previous year 21,87,30,475 Equity Shares of'1/- each fully paid-up)	2,239.12	2,187.30
Total	2,239.12	2,187.30

Refer Notes {i) to (v) below

(i) Reconciliation of the number of shares outstanding and amount of share capital:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	No. of Shares	('In Lacs)	No. of Shares	('In Lacs)
Equity Shares at the beginning of the year	218,730,475	2,187.30	203,186,434	2,031.86
Add: Shares issued during the year on conversion of Warrants (Refer note no 4)	5,181,347	51.82	15,544,041	155.44
Equity Shares at the end of the year	223,911,822	2,239.12	218,730,475	2,187.30

{ii) Rights, preferences and restrictions attached to the equity 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. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting.
- The dividend distributable to the shareholders for the year ended on 31st March 2016, at the rate of <!' 0.10 per equity share (previous year <!' 0.10) has been recoginised on 23,42,74,516 nos. of equity shares existing on the date of board meeting (including 1,03,62,694 nos. of equity shares alloted on conversion of warrants on 09 April 2016).
- 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.

(iii) Details of shares held bv each shareho der holding more than 5% o the aggregate shares in the Company:

Class of shares / Name of shareholder	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares held	% holding of shares	Number of shares held	% holding of shares
Equitv shares of '1 fullv oaid-up				
Mr Sanjav DhinQra	152,154,714	67.95	152,154 714	69.56
Mis Pashupati Dairies Pvt. Ltd.	15,544,041	6.94	15,544,041	7.11

(iv) 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:

(a) The Company has not issued any shares pursuant to contract(s) without payment being received in cash.
(b) The Bonus issue is made by capitalisation of profit. However no bonus issues have been done in preceding 5 years
(c) The Company has not undertaken any buy back of shares.

(v) Shares reserved for issue under options and contracts/ commitments for sale/ disinvestment
There are no shares reserved for issue under contracts/ commitments for sale/ disinvestments. However the Company has reserved issuance of 1,00,00,000 (Previous Year Nil) Equity Shares of Rs 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 19,87,000 (Previous Year Nil) Options at a price of <!' 38 per option plus all applicable taxes . The options would vest over a period of 1 years. The other disclosure in respect of the ESOP Scheme are as under:

Total Ootion under the Scheme	1,00,00,000
Option issued	1,987,000
Vesting Period	1 year
Vesting Date	For 19,37,000 Options July 23, 2016 and for 50,000 Options October 8, 2016
Exercise Price	38
Outstandina at the beginnina of the year	Nil
Ootion Vested durina the vear	Nil
Exercised during the year	Nil
Expired during the year	Nil
Cancelled durino the year	Nil
Re-aranted durina the vear	Nil
Outstandina at the end of the vear	1,987,000
Exercisable at the end of the vear	Nil
Remainin!I contractual life (Weighted Monthsl	4.05

- *Kwality Limited*
Notes forming part of the financial statements

Note 3 Reserves and surplus

Particulars	As at 31March, 2016	As at 31March, 2015
	('In Lacs)	(f InLacs)
(a) Share premium account		
Balance as at the beginning of the year	7,344.56	-
Add: Addition during the year	2,448.19	7,344.56
Closing balance	9,792.75	7,344.56
(b) Employee Stock option Reserve		
Balance as at the beginning of the year	-	-
Add: Addition during the year	607.42	-
Closing balance	607.42	-
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	49,337.05	37,777.33
Add: Profit for the year	14,424.79	14,093.30
	63,761.83	51,870.63
Less: Adjustment on Account of Fixed Assets (Refer note no. 11)	-	2,270.32
Less: Aggrogriations:		
Proposed Dividends on equity share (INR 0.10 per share)	234.27	218.73
Dividend distribution tax	47.69	44.53
Closing balance	63,479.87	49,337.05
Total (a+b+c)	73,880.03	56,681.61

Kwalitv Limited
Notes *forminQ oart of the financial statements*

Note 4 Money received against Warrants

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	No. of Convertible Warrants Allotted	Amount (f In Lacs)	No. of Convertible Warrants Allotted	Amount (f In Lacs)
Convertible Warrants at the beginning of the year	15,544,041	1,875.00	-	-
Amount Received against Warrants	-	1,875.00	-	-
Convertible Warrants Issued during the year	-	-	31,088,082	9,375.00
Less: Convertible Warrants converted into Eauitv Shares durina the vear	5,181,347	2,500.00	15,544,041	7,500.00
Convertible Warrants at the end of the year	10,362,694	1,250.00	15,544,041	1,875.00

Money received against Convertible Warrants represents amount received towards Convertible Warrants which entitles the warrant holder, the option to apply for and be allotted equivalent number of equity shares of the face value of Rs. 1 each. The Company on preferential basis has allotted the following Convertible Warrants at issue price of '48.25 in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations 2009) in 2014-15

Name of Allotee	No. of Convertible Warrants Allotted	Consideration (f In Lacs)	Amount Received as % of Issue Price	Date of Allotment of Warrants
Convertible Warrants outstanding at end of Ir'.ear				
1. Mr Sidhant Gupta	5,181,347	625.00	25%	November 3, 2014
2. M/s Sidhaant & Sons (HUF)	5,181,347	625.00	25%	November 8, 2014
Total	10,362,694	1250.00		
Convertible Warrants converted during the Ifear				
3. Mrs Sonika Gupta	5,181,347	2500.00	100%	November 8, 2014
Total	5,181,347	2500.00		

The allotees at Sr. no. 1 to 2 above are entitled to apply for and be allotted one equity share for each Warrant held by them on payment of balance 75% of the issue price within 18 months from the date of allotment of Convertible Warrants. The allottee at Sr. no. 3 exercised its right to convert the Convertible Warrants into equity shares after paying the balance amount and accordingly 51,81,347 equity shares were issued to Mrs Sonika Gupta for an aggregate consideration of '2500.00 lacs.

Utilisation of proceed of Convertible Warrants issued: The amount of ii:: 1,875 lacs received against Convertible Warrants has been utilised towards capital expenditure requirement.

. *Kwality Limited*

Notes forming part of the financial statements

Note 5 Long-term borrowmgs

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	('In Lacs)		('In Lacs)	
	Non Current	Current	Non Current	Current
(1) Secured				
(a) Vehicle loans from Banks (Refer note 1)	197.23	126.41	108.98	95.47
(b) Vehicle loans from Other Parties (Refer note -2)	26.37	14.07	40.44	12.75
(c) External Commercial Borrowings (ECB) (Refer note -3)	5,969.96	-	-	-
	6 193.56	140.48	149.42	108.22
(2) Unsecured				
(a) Term loans From Bank (Refer Note-4)	3,432.28	851.04	1,333.33	666.67
(b) Term loans From Other Parties (Refer Note-5)	15,645.63	4,052.44	13,063.21	455.88
	19 077.91	4 903.48	14396.55	1,122.55
Total C1+2l	25 271.47	5.043.96	14545.97	1.230.76

Notes:

1). Vehicle loans taken from various banks are secured by hypothecation of Vehicles. Rate of Interest varies between 10.25% to 12.75%. Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging between 36 to 60 months. The repayment obligation in future of above loans is as under:-

Particulars	2016-17	2017-18	2018-19	Beyond 2018-19
	(f In Lacs)	(f In Lacs)	(f In Lacs)	(f In Lacs'
a) Vehicle Loans from Banks	126.41	74.60	56.50	66.13
	126.41	74.60	56.50	66.13

2). Vehicle loans from others are secured by hypothecation of Vehicles. Rate of Interest varies between 10.25% to12.75%. Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging between 36 to 60 months. The repayment obligation in future of above loans is as under:-

Particulars	2016-17	2017-18	2018-19
	(f In Lacs)	('In Lacs)	('In Lacs)
a) Vehicleloans from Others	14.07	13.95	12.42
	14.07	13.95	12.42

3) External commercial Borrowings (ECB) taken from Union Bank of India (U.K) Limited amounting to USD 9 million (f 5969.96 lacs). The loan is secured by way entire project assets of the Company and personal guarantee of Mr Sanjay Dhingra Managing Director of the Company. It is further collaterally secured by way of first pari passu charge on existing land 3.195 acres at Palwal on which the proposed project is located and additional 1.88 acres adjacent to the existing unit at Palwal (Haryana). Till the creation of the charge .the Company has provided additional security in form of pledge of shares of Kwality Limited in the name of Mr Sanjay Dhingra to the extent that market value of the Equity shares will be USD 4.5 millions. Present rate of Interest on loan is 3 months LIBOR plus 450 bps. The repayment obligation in future of above loans is as under:-

Particulars	2016-17	2017-18	2018-19	Beyond 2018-19
	(f In Lacs)	(f In Lacs)	(f In Lacs)	(f In Lacs)
a) Union Bank of India (U.K) Limited	-	795.99	795.99	4,377.97
Total Term Loans from Banks	-	795.99	795.99	4,377.97

4a) Term Loan from Bank includes loan taken from IDBI Bank Limited. The loan is secured by way of exclusive charge on Immovable property held in the name of director & other party situated at Golden Park, Rampura Road, Basai Darapur, New Delhi and the land / properties held in the name of JTPL Townships Pvt Ltd situated at JTPL City, Sector-115 Mohali (Punjab). The loan is further secured by personal / Corporate guarantee of Mr.Sanjay Dhingra, Managing Director of Company and property owners. Present rate of Interest on loan is 11.5%.

4b) Term Loan from Bank includes loan taken from Karur Vysya Bank Limited. The loan is secured by way of fresh Equitable Mortgage on land/ properties in the name of JTPL Townships Pvt Ltd situated at JTP City, Sector-115 Mohali (Punjab). The loan is further secured by personal / Corporate guarantee of Mr.Sanjay Dhingra, Managing Director of Company and property owners. Present rate of Interest on loan is 12%.

- The reoavment obl'1aafion in future of above oans 1s as under:-

Particulars	2016-17	2017-18	2018-19	Beyond 2018-19
	/f h Lacs}	t f h Lacs)	(f In Lacs]	(f h Lacs[1]
a) IDBI Bank Ltd	666.67	666.67	-	-
b) Karur Vysya Bank Limited	164.38	737.50	737.50	1,290.62
Total Long Term Loans from Banks	851.04	1,404.17	737.50	1,290.62

5) Term Loans from Other party are from IFCI Ltd '10000.00 lacs (previous year '10000.00 lacs), from DMI Finance Pvt Ltd '3080.00 lacs (previous year '3500.00 lacs), from Aditya Birla Finance Limited '3500.00 lacs (previous year 'Nil) and Hero Fincorp Limited '3500.00 lacs (previous year 'Nil).

5.a) Loan from IFCI Limited is secured by way of Exclusive mortgage on the immovable property in the name of JTPL Townships Pvt Ltd. situated at JTPL City, Sector-115 Mohali (Punjab) and pledge of shares of Kwality Limited in the name of Mr. Sanjay Dhingra and further secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company and Corporate Guarantee of JTPL Townships Pvt Ltd. The present rate of Interest on loan is 13.25%.

5.b) Loan from DMI Finance Pvt Ltd is secured by way of pledge of equity shares of Kwality Limited in the name of Mr. Sanjay Dhingra. Also the loan is secured by personal guarantee of Mr.Sanjay Dhingra, Managing Director of Company. Rate of interest on loan is 14.60%.

5.c) Loan from Aditya Birla Finance Limited was secured by way of equitable mortgage on land/ property in the name of JTPL Townships Pvt Ltd. situated in Mohali (Punjab), and further secured by personal guarantee of Mr. Sanjay Dhingra, Managing Director of company and corporate guarantee of JTPL Townships Pvt Ltd. The rate of Interest on loan is ranging from 12.50% to 12.75%.

5.d) Loan from Hero Fincorp Limited was secured by way of pledge of shares of Kwality Limited held in the name of Mr. Sanjay Dhingra. Loan was further secured by exclusive charge over residential/commercial plots situated in Chandigarh and personal guarantee of Mr. Sanjay Dhingra, Managing Director of Company and corporate guarantee of JTPL Townships Pvt Ltd. Rate of interest on loan was 12.75%.

The repayment obliaation in future of above loans is as under:-

Particulars		2016-17	2017-18	2018-19	Beyond 2018-19
		(f In Lacs)	"h Lacs)	(f h Lacs)	(f h Lacs}
a)	IFCI Limited	2,500.00	2,500.00	2,500.00	2,500.00
b)	DMI Finance Pvt Ltd	661.49	764.80	764.80	872.13
c)	Aditya Birla Finance Limited	333.33	333.33	333.33	2,305.56
d)	Hero Fincorp Limited	557.62	633.02	718.62	1,420.05
	Total Long Tenn Loans from Others	4,052.44	4,231.15	4,316.75	7,097.73

Note 6 Long-term provisions

Particulars	As at 31 March, 2016 ('In Lacs)	As at 31 March, 2015 ('In Lacs)
(a) Provision for Employee benefits:		
(i) Provision for compensated absences (net)	69.84	48.25
(ii) Provision for gratuity (net) (Refer Note 26.9)	113.38	90.81
Total	183.22	139.06

Note 7 Short-term borrowings

Particulars	As at 31 March, 2016 ('In Lacs)	As at 31March, 2015 ('In Lacs)
(1) Secured		
(a) Loans From Banks		
i) Cash Credit Facilities (refer note 1 below)	100,545.26	87,419.35
ii) LC/ VBD Due to Banks (refer note 1 below)	2,651.11	6,587.33
iii) Buyers Credit (refer note no 1(h} below)	89.82	-
Total	103,286.19	94,006.68

Note.-1

Loans from Bank towards working capital are secured by way of :-

a) First pari passu charge on the entire current assets of the company.

b) 1st paripassu 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).

c) 1st paripassu charge on entire fixed assets of M/s Pashupati Dairies Pvt. Ltd. including Equitable mortgage of Land and Building situated at village Kumarhera, Saharanpur (UP).

d) Corporate guarantee of M/s Pashupati Dairies Pvt Ltd.

e) Negative lien for non disposal/ non transfer of 51 % of equity share held by Mr. Sanjay Dhingra.

f) Personal guarantee of Mr. Sanjay Dhingra, Managing Director of Company .

g) 10% Cash margin for LC in the form of Fixed Deposits.

h) The outstanding Buyers credit facility amounting to USO 1,35,402.25 is against 100% margin from Corporation Bank

Note 8 Trade payables

Particulars	As at 31 March, 2016 (f In Lacs)	As at 31 March, 2015 ('In Lacs)
Trade payables		
-For Goods	3,026.18	4,547.32
-For Services	907.40	566.54
Total	3,933.59	5,113.86

- *Kwality Limited*
Notes forming part of the financial statements

Note 9 Other current liabilities

Particulars	As at 31 March, 2016 (f In Lacs)	As at 31 March, 2015 (f In Lacs)
(a) Current maturities of long-term debts (Refer Note 5 above)	5,043.96	1,230.76
(b) Interest accrued and due on borrowings	101.69	76.05
(c) Interest accrued but not due on borrowings	149.93	52.74
(d) Unclaimed dividends*	34.56	34.77
(e) Other payables		
(i) Statutory payments	4,292.62	3,240.77
(ii) Contractually reimbursement expenses to Employee	281.15	209.29
(iii) Payables for capital goods	349.98	1,432.09
(iv) Trade / security deposits received	499.31	441.85
(v) Advances from customers	468.69	221.36
(vi) Expenses Payable	137.14	103.42
Total	11,359.04	7,043.11

*There are no amounts ~~due for payment to~~ The Investor Education and Protection Fund under ~~Section~~ 205C of the ~~Company~~ Act, 1956 as at the year end.

- *Kwalitv Limited*
Notes forming part of the financial statements

-Note 10 Short-term provisions

Particulars	As at 31March,2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
(a) Provision for employee benefits:		
(i) Provision for bonus	70.85	39.07
(ii) Provision for compensated absences (net) (Refer Note 26.9)	12.13	6.98
(iii) Provision for gratuity (net) (Refer Note 26.9)	6.88	4.69
	89.85	50.75
(b) Provision - Others:		
(i) Provision for Income tax *	4,426.06	3,567.27
(ii) Provision for proposed equity dividend	234.27	218.73
(iii) Provision for tax on proposed dividends	47.69	44.53
(iv) Provision for Wealth Tax	-	0.64
	4,708.03	3,831.17
Total	4 797.88	3 881.92

* Net of TDS f 20.59 lacs (previous year f 6.09 lacs) and MAT credit of f 2993.61 lacs (previous year f il)

KVVALITY LIMITED

Notes forming part of the financial statements

Note 11 Fixed Assets

(In Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				WDV As On	WDV As On
	Opening As at 01.04.15	Additions During the Year	Deduction/ Adjustment during the year	Closing As at 31.03.2016	Opening As at 01.04.15	For the Year 31.03.2016	Adjustment on account of sales/transfer	Closing As at 31.03.2016	31.03.2016	31.03.2015
Tangible Assets										
Land	1,048.87	3.91	-	1,052.78	-	-		-	1,052.78	1,048.87
Computer	167.29	19.70	-	186.98	132.84	22.57		155.41	31.57	34.45
Building	1,817.97	55.27	-	1,873.24	478.82	129.79		608.61	1,264.64	1,339.15
Plant & Machinery	7,976.33	2,208.28	5.47	10,179.14	4,707.47	1,901.87	3.24	6,606.09	3,573.05	3,268.86
Furniture & Fixture	29.49	8.14	-	37.62	13.43	5.57		19.00	18.62	16.06
Office Equipment	21.88	3.96	-	25.84	12.32	5.67	-	18.00	7.85	9.56
Vehicles & Motor Cars	851.02	294.87	63.05	1,082.85	499.35	192.14	48.29	643.20	439.65	351.67
Tangible Assets Subtotal (A)	11,912.84	2,594.13	68.52	14,438.45	5,844.23	2,257.61	51.53	8,050.30	6,388.15	6,068.61
Intangible Assets										
Computer Software	17.48	60.46	-	77.93	13.39	25.87	-	39.26	38.67	4.08
Copyright	-	100.00	-	100.00	-	-	-	-	100.00	-
Subtotal (B)	17.48	160.46	-	177.93	13.39	25.87	-	39.26	138.67	4.08
Capital Work in Progress	11,836.22	9,970.07	2,307.77	19,498.52	-	-	-	-	19,498.52	11,836.22
Total Subtotal (C)	11,836.22	9,970.07	2,307.77	19,498.52	-	-	-	-	19,498.52	11,836.22
Figures for the Current Year	23,766.53	12,724.66	2,376.29	34,114.90	5,857.62	2,283.48	51.53	8,089.56	26,025.34	17,908.91
Figures for the Previous Year	16,937.92	11,180.26	4,351.65	23,766.53	4,825.62	2,496.23	1,464.23	5,857.62	17,908.91	12,112.30

Capital Work in Progress include fluctuation on account of foreign exchange amounting to ₹ 35.84 lacs (Previous year ₹ 20.15 lacs) (Refer note no 1(ii)(k))

- *Kwalitv Limited*
Notes forming part of the financial statements

_Note 12 Non-current investments

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
Investments (At cost):		
A. Trade		
Unquoted		
(a) Investment in equity instruments		
(i) of Wholly Owned subsidiary	1,902.75	1,902.75
12 Share (previous year 12 Share) of AED1 Million each fully paid up in Kwality Dairy Products FZE, Dubai		
	1,902.75	1,902.75
Total - Trade (A)	1,902.75	1,902.75
Aggregate amount of unquoted investments	1,902.75	1,902.75

Note 13 Long-term loans and advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs'
Unsecured considered good		
(a) Capital advances	16,435.33	4,346.50
(b) Security deposits	50.69	50.91
(c) Mat Credit entitlement	1,410.81	4,404.41
Total	17,896.83	8,801.82

Note 14 Other Non Current Assets

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	('In Lacs)
Considered good		
(a) Balance with Banks (Refer note below 1)	72.58	167.36
Total	72.58	167.36

(1) Represent bank deposits not due for realisations within 12 month of balance sheet date. Further refer note no.17.

Note 15 Inventories

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
(a) Raw materials	133.08	124.04
(b) Work-in-progress (Refer Note below)	2,809.32	3,170.03
(c) Finished goods (other than those acquired for trading)	10,348.69	22,530.65
{d) Stock-in-trade (acquired for trading)	5.81	5.53
(e} Goods in Transit	331.40	-
(f) Stores and spares	213.24	193.00
(g) Packing Material	419.10	434.60
Total	14,260.63	26,467.86

Note:
Work-in-progress

Particulars	('In Lacs)	(f In Lacs)
FAT/Butter/Ghee	2,173.62	2,338.58
SMP/WMP/Other	635.70	831.45
	2,809.32	3,170.03

Note 16 Trade receivables

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	288.83	65.02
	288.83	65.02
Less: Provision for doubtful trade receivables	1.65	1.65
	287.18	63.37
Other Trade receivables		
Unsecured, considered good	141,631.37	115,072.35
	141,631.37	115,072.35
Less: Provision for doubtful trade receivables	-	-
	141,631.37	115,072.35
Total	141,918.55	115,135.71

Kwa/itv Limited

Notes forming part of the financial statements

Note 17 Cash and Bank Balance

Particulars	As at 31 March, 2016	As at 31 March, 2015
	(f In Lacs)	(f In Lacs)
Cash and Cash Equivalents:		
(a) Cash in hand	169.55	68.65
(b) Balances with banks		
(i) In current accounts	544.60	123.17
(ii) Cheques In hand	2,616.83	1,611.00
Other Bank Balances		
(i) In deposit accounts held against bank guarantees/ Letter of Credits/Borrowings	2, 127.71	1,184.86
(ii) In earmarked accounts		
- Unpaid dividend accounts	34.56	34.77
	5,493.26	3,022.45
Less: Deposit having maturity more than 12 month from balance sheet date are shown under note no.14	72.58	167.36
Total	5,420.68	2,855.09

Note 18 Short-term loans and advances

Particulars	As at 31 March, 2016	As at 31 March, 2015
	('In Lacs)	('InLacs)
Unsecured considered good		
(a) Security deposits	67.47	75.53
(b) Loans and advances to employees	17.17	17.89
(c) Advance Recoverable in cash or kind or for value to be received	16,765.65	11,566.11
(d) Prepaid Expenses	75.74	76.00
(e) Balances with government authorities *	385.56	315.30
Total	17,311.60	12,050.83

* Includes 169.09 lacs (previous year 157.27 lacs) with Haryana Livestock Development Board against demand and disputed before Supreme Court of India. Further refer note 26.1.

Note 19 Other current assets

Particulars	As at 31 March, 2016	As at 31March,2015
	(f In Lacs)	(f In Lacs)
(a) Accruals		
(i) Interest accrued on Fixed deposits	17.54	28.36
(ii) Income Receivables	194.38	18.80
Total	211.92	47.16

Kwality Limited
Notes forming part of the financial statements

Note 20 Revenue from operations

	Particulars	For the year ended 31 March,2016	For the year ended 31 March, 2015
		(f In Lacs)	('In Lacs)
(a)	Sale of products (Refer Note (i) below)	572,409.58	526,782.44
(b)	Other Operating Income (Refer Note (ii) below)	13.33	134.66
	Total	572,422.91	526,917.10

Note	Particulars	For the year ended 31 March, 2016	For the year ended 31March, 2015
		('InLacs)	('InLacs)
(i)	Sale of products comprises :		
	Manufactured goods		
	FaVButter/Cream/Ghee	92,260.70	98,639.69
	SMP/WMP/DW/DC/SNF	66,524.01	57,864.04
	Milk/Toned Milk/Double Toned Milk	230,783.58	209,589.37
	Curd	47,166.95	48,904.44
	Less: Excise Duty	0.16	2.10
	Total - Sale of manufactured goods	436,735.08	414,995.44
	Traded goods		
	FaUButter/Cream/Ghee	2,121.62	664.60
	SMP/WMP/DW/DC/SNF/AMF	69,472.02	51,463.53
	Milk	60,116.69	59,087.54
	Cattle Feed & Supplements	193.60	371.12
	Vitamin Premix	3,770.57	-
	Total Sale of traded	135,674.50	111,787.00
	goods Total - Sale of	572,409.58	526,782.44
(ii)	Other Operating Income comprises :		
	Income From Export incentive	0.53	104.67
	Sale of Scrap	12.81	29.99
	Total - Other Operative Income	13.33	134.66

Note 21 Other income

	Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
		(f In Lacs)	('In Lacs)
(a)	Interest income (Refer Note (i) below)	222.36	59.57
(b)	Net gain on foreign currency transactions and translation	2,673.73	462.62
(c)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	44.84	617.44
	Total	2,940.93	1,139.63

Note	Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
		/f In Lacs	(f In Lacs]
(i)	Interest income comprises:		
	Interest from banks on deposits	222.36	59.57
	Total - Interest income	222.36	59.57

Note	Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
		(f In Lacs)	(f In Lacs)
(ii)	Other non-operating income comprises:		
	Profit on sale of fixed assets	2.57	2.20
	Miscellaneous income	16.60	23.35
	Claims recovered	11.14	5.67
	Security Forfeited	-	176.50
	Liability no longer payable	14.53	113.59
	Provision for Doubtful Debts	-	296.13
	Total - Other non-operating income	44.84	617.44

Note 22.a Cost of materials consumed

Particulars	For the year ended 31 March, 2016 ('In Lacs)	For the year ended 31 March, 2015 ('In Lacs)
Opening stock	124.04	298.83
Add: Purchases	372,402.31	381,262.32
	372,526.35	381,561.14
Less: Closing stock	133.08	124.04
Cost of material consumed	372,393.27	381,437.10
Material consumed comprises:		
Milk	358,685.28	362,744.94
Butter fat/Ghee	7,819.90	8,930.84
Others	5,888.08	9,761.33
Total	372,393.27	381,437.10

Note 22.b Purchase of traded goods

Particulars	For the year ended 31 March, 2016 (f In Lacs)	For the year ended 31 March, 2015 (f In Lacs)
Milk	59,057.68	57,570.68
Fat/Butter/Cream/Ghee	2,051.17	817.42
SMP/WMP/DW/DC/SNF/AMF	66,621.36	48,749.24
Cattle Feed & Supplements	182.21	354.64
Vitamin Premix	3,615.30	-
Total	131,527.72	107,491.98

Note 22.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2016 (f In Lacs)	For the year ended 31 March, 2015 ('In Lacs)
Inventories at the end of the ear:		
Finished goods	10,354.49	22,536.18
Work-in-progress	2,809.32	3,170.03
	13,163.81	25,706.21
Inventories at the beginning of the ear: Finished goods	22,536.18	11603.76
Work-in-progress	3, 170.03	4412.66
	25,706.21	16,016.42
Net (increase) / decrease	12,542.40	(9,689.79)

Note 23 Employee benefits expense

Particulars	For the year ended 31March, 2016	For the year ended 31 March,2015
	(f In Lacs)	(f In Lacs'
Salaries and wages	2,420.41	2, 141.09
Contributions to provident and other funds	74.71	66.37
Gratuity & Leave Encashment (Refer Note 26. 9)	63.05	74.44
Recruitment Expenses	27.49	1.00
Staff welfare expenses	75.33	65.73
Employee Welfare and other amenities-ESOP	607.42	-
Total	3,268.40	2,348.63

Note 24 Finance costs

Particulars	For the year ended 31March,2016	For the year ended 31March,2015
	(f In Lacs)	(f In Lacs)
Interest expense on Borrowings	14,588.71	13,203.22
Other Borrowings Cost	139.10	210.33
Total	14,727.81	13,413.55

Note 25 Other expenses

Particulars	For the year ended 31 March, 2016	For the year ended 31March, 2015
	(f In Lacs)	(f In Lacs)
Advertisement & Sales Promotion	6,832.19	1,820.08
Bad- Debts & Balances W/off	-	304.51
Bank Charges	234.66	227.00
Commission & Brokerage	65.85	108.15
Communication Expenses	65.10	59.12
Consumption of packing materials	4,122.86	2,350.22
Consumption of stores and spare parts	234.19	262.63
Donations and contributions	2.17	-
Export/Import Expenses	57.69	17.37
Insurance	47.15	57.34
Legal and professional	229.87	75.07
Loss on fixed assets sold	8.26	-
Miscellaneous expenses	626.50	748.12
Payments To Auditors (Refer Note (26.5)	11.45	8.43
Power and fuel	1,400.72	2,177.29
Printing and stationery	23.34	22.60
Prior Period Items (Refer note 25.1)	87.06	16.29
Processing Charges of Milk	862.34	1,473.20
Provision For Bad Debts	-	-
Rates and taxes	57.60	45.85
Rebate & Discount	16.09	87.31
Rent	235.32	218.84
Repairs and maintenance - Buildings	63.88	71.24
Repairs and maintenance - Machinery	92.32	152.84
Transportation Charges	2,090.12	2,883.41
Travelling and conveyance	232.45	233.19
Vehicle Running Expenses	85.99	92.30
Total	17,785.17	13,512.38

Note
25.1) Detail of Prior period Items

Particulars	For the year ended 31March,2016	For the year ended 31 March, 2015
	('In Lacs)	(f In Lacs)
Prior Period Expenses	87.06	16.29
Prior Period Incomes	-	-
Total	87.06	16.29

~~261)ContingentLiabilitiesandotherCommitments:~~

(f InLacs)

Particulars	As At 31 March, 2016	As At 31 March, 2015
Contingent liability (to the extent not provided for)		
Claim against the com12anl£ not acknowledged as debts		
Milk cess disputed by the company relating to issue of applicability against which the company has preferred an SLP against the order of Punjab & Haryana High Court before Hon'ble Supreme Court of India. A liability of Cass principal amounting 371.21 lacs from which a sum of 169.09 lacs (previous year '157.27 lacs) deposited under protest and a sum of 1970.45 lacs on account of interest liability raised by Semen Bank officer, of Haryana Livestock Development Board for which the matter is already before Hon'ble Supreme Court.	2,172.57	1,218.34
A civil recovery suit has been filed by M/s S.M. Milkose Ltd. 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
Sales Tax Matters in Appeallate Authorities	57.29	66.38
DEPB Credit matter in CESTAT tribunal	69.44	69.44
Contingent Liability for Bank Guarantee	660.55	1,570.23
Contingent Liability under EPCG License	593.34	703.11
Corporate Guarantee given on behalf of wholly owned subsidiary	20,894.86	16,899.52
Commitments		
Estimated amount of Contracts remaining to be executed on capital account and not orovided for	2 972.81	485.71

26.2).The deferredtaxassetcompriseofthefollowing :

Particulars	As At 31 March, 2016	As At 31March,2015
Deferred Tax Assets		
Related to Fixed Assets	1,179.65	147.00
	1,179.65	147.00

26.3).The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act has not been ascertained.

26 4).Fore1gn Exchange Transactions (f In Lacs

Particulars	As At 31March, 2016	As At 31March, 2015
a) Value of imports on CIF basis		
Plant & Machinery	463.30	1,022.04
Purchase of Raw Material	234.25	
Purchase of Traded Goods	69922.03	49,272.62
Consumables	0.47	1.59
b) Imported and Indigenous raw material,components and consumable consumed		
(i) Raw material consumed		
- Imported		
Amount	70.14	
Percentage	0.02	
- Indigenous		
Amount	372,323.13	381,437.10
Percentage	99.98	100.00
Total	372,393.27	381,437.10
(ii) Purchase of Traded Goods		
- Imported		
Amount	69,922.03	49,272.62
Percentage	53.16	45.84
- Indigenous		
Amount	61,605.69	58,219.36
Percentage	46.84	54.16
Total	131,527.72	107,491.98
(iii) Consumables		
- Imported		
Amount	0.47	1.59
Percentage	0.20	0.60
- Indigenous		
Amount	233.72	261.04
Percentage	99.80	99.40
Total	234.19	262.63
c) Expenditure in Foreign Exchange (on accrual basis)		
<u>Capital Transaction</u>		
Capital Investment in Subsidiary		1,276.19
Capital Goods	463.30	1,022.04
Revenue Transaction		
Raw Material & Purchase Traded Goods	70,156.28	49,272.62
Consumable Goods	0.47	1.59
Tour and Travelling	15.14	9.58
Other	4.32	4.25
Interest & processing charges	131.88	-
	70,771.39	51,586.27
d) Earnings in Foreign Exchange (on accrual basis)		
- Value of Exports on FOB basis	73,051.38	53,020.60
e) Particulars of unhedged foreign currency exposure as on reporting date		
Import trade payable	-	679.42
Export trade receivable	37,286.67	21,575.30
Trade advance received	60.17	56.78
Export Earner in Foreign Credit (EEFC)	504.14	0.03
Buyers Credit Payable	89.82	-
Import Capital Creditors Payable	9.88	1,001.45
Foregin Currency Loan(Union Bank of India-UK)	5,969.96	-

26.5). Payment to Auditors : (f In Lacs)

Particulars	As At 31 March, 2016	As At 31 March, 2015
Audit Fees	9.73	7.30
Tax Audit Fees	1.72	1.13
	11.45	8.43

26 6) Managerial Remuneration (f In Lacs

Particulars	As At 31 March, 2016	As At 31March,2015
Salaries and Allowances	138.53	230.20

26.7). Statement of Earning Per Share (f In Lacs)

Particulars	As At 31 March, 2016	As At 31March,2015
Net Profit attributable to Equity Shareholders (INR In lacs)	14,424.79	14,093.30
Weighted Average Number of Equity Shares		
ia) used as denominator for calculating EPS (Basic)	219000189	205997137
ib) used as denominator for calculating EPS (Diluted)	224247499	218730475
ii) Nominal value per share (in INR)	1.00	1.00
iii) Basic Earning Per Share (in INR)	6.59	6.84
iii) Diluted Earning Per Share (in INR)	6.43	6.79

26.8) RELATED PARTY DISCLOSURES

As per Accounting Standard 18 disclosures of transactions with the related parties are given below:

Relationships

	Subsidiary Company	Kwality Dairy Products FZE
2	Key managerial personnel (KMP)	Rattan Sagar Khanna Sanjay Dhingra Manjit Dahiya S.K. Bhalla Sidhant Gupta Arun Srivastava Pinky Singh(Upto 23/01/2016) Ankita Mehrotra Sunit Shangle Deepa Kapoor (Upto 16/05/2015) Pradeep Kumar Srivastava
3	Enterprises on which Key Managerial person having significant influence	JTPL Townships Pvt Ltd Pashupati Dairies Pvt Ltd Kwality Dairy Investments Pvt Ltd. Sahyogi Foundation
4	Relative of Key Managerial Person	Kanika Dhingra Ved Parkash Gupta Sonika Gupta Sidhaant and Sons (HUF)

Balances with related parties

('InLacs)

Related Party	Nature of Transactions	As At 31 March, 2016	As At 31 March, 2015
Kwality Dairy Products FZE	Investment in Subsidiary	1,902.75	1,902.75
	Corporate Guarantee Given	20,894.86 (31.5 million USO)	16,899.52 (27 million USO)
	Amount Payable	14.43	13.61
Pashupati Dairies Pvt Ltd	Amount Payable inrespect of Services /Rent.	49.38	41.86
	Amount Payable in Respect of Royalty	9.38	-
	Guarantee taken for Financial Limits	112,643.00	112,643.00
JTPL Townships Pvt Ltd	Collateral Security/guarantee taken	23.000.00	13,000.00
Sanjay Dhingra	Guarantee taken for Long Term Loans	29,000.00	16,500.00
	Guarantee taken for Financial Limits	112,643.00	112,643.00
	Shares Pledge for Loan	38,363.50	15,604.00
Sidhant Gupta	Collateral Security/guarantee	1,500.00	1,500.00

Disclosures Inrespect of material transactions with related parties (Duringthe Year)

Related Party	Nature of Transactions	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Kwality Dairy Products FZE	-Share Application Money / Investment	-	1,276.19
	-Corporate Guarantee Given	2,984.98 (4.5 million USO)	-
	-Sales	-	130.17
Pashupati Dairies Pvt Ltd	-Inter Corporate Loans repaid/Converted	-	7,500.00
	-Services Received	-	128.83
	-Rent Paid	60.00	44.50
	-Royalty Paid	10.28	9.00
	-Allotment of Share Capital	-	7,500.00
	-Guarantee taken for Financial Limits	-	112,643.00
	-Dividend Paid	15.54	-
JTPL Townships Pvt Ltd	-Collateral Security/guarantee Taken	10,000.00	5,500.00
Sanjay Dhingra	-Guarantee released for Financial Limits	-	2,412.00
	-Guarantee for Long Term Loans	12,500.00	9,000.00
	-Managerial Remuneration	130.20	130.20
	-Dividend Paid	152.15	152.15
	-Shares Pledge for Loan	22,759.50	12,449.00
Kanika Dhingra	-Guarantee released for Long Term Loans	-	3,000.00
	-Guarantee released for Financial Limits	-	87,500.00
Sidhant Gupta	-Managerial Remuneration	8.33	100.00
	-Allotment of Share warrant (amt paid 25%)	-	625.00
	-Meeting Fee	1.10	-
Sidhaant and Sons (HUF)	-Allotment of Share warrant (amt paid 25%)	-	625.00
Sonika Gupta	Allotment of share warrants	-	625.00
	Allotment of equity shares	1,875.00	-
Rattan Sagar Khanna	-Meeting Fee	1.50	0.80
Arun Srivastava	-Meeting Fee	1.50	1.30
Pinky Singh	-Meeting Fee	1.20	-
Ankita Mehrotra	-Meeting Fee	0.30	-
S.K. Bhalla	-Remuneration	19.25	-
Manjit Dahiya	-Remuneration	18.78	-
Sunit Shangle	-Remuneration	27.89	23.86
Deepa Kapoor	-Remuneration	1.29	8.35
Pradeep Kumar Srivastava	-Remuneration	12.08	-
Ved Prakash Gupta	-Dividend Paid	5.83	5.83

26.9) .EMPLOYEE BENEFITS :

Employee Benefits

The Company has made provisions for employee benefits in accordance with the Accounting Standard (AS) 15 Revised "Employee Benefits". During the year, the Company has recognised the following amounts in its financial statements based on actuarial valuation done as per Projected Unit Credit Method.

('In Lacs)

Defined Contribution Plan	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Employer's contribution to Provident Fund	54.07	40.64
Employer's contribution to Employee State Insurance Fund	19.98	25.18
Employer's contribution to Employee welfare fund	0.66	0.55
Total	74.71	66.37

(In Lacs)

Defined Benefit Plan	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Change in Benefit Obligation	Gratuity	Gratuity
Liability at the beginning of the year	95.50	49.89
Interest Cost	7.64	3.99
Current service cost	37.37	34.91
Benefit Paid	(3.36)	(2.72)
Actuarial (gain)/loss on obligation	(16.91)	9.44
Liability at the end of year-recognized in the Balance Sheet	120.26	95.50
Expenses recognized in the Income Statement		
Interest cost on benefit obligation	7.64	3.99
Current service cost	37.37	34.91
Expected return on plan assets	-	-
Net actuarial(gain)/loss recognized in the year	(16.91)	9.44
Expenses recognised in Profit and Loss statement	28.11	48.34

(In Lacs)

Defined Benefit Plan	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Change in Benefit Obligation	Leave Encashment	Leave Encashment
Liability at the beginning of the year	55.24	31.63
Interest Cost	4.42	2.53
Current service cost	30.43	20.46
Benefit Paid	(8.21)	(2.50)
Actuarial (gain)/loss on obligation	0.09	3.11
Liability at the end of year-recognized in the Balance Sheet	81.97	55.24
Expenses recognized in the Income Statement		
Interest cost on benefit obligation	4.42	2.53
Current service cost	30.43	20.46
Expected return on plan assets	-	-
Net actuarial(gain)/loss recognized in the year	0.09	3.11
Expenses recognised in Profit and Loss statement	34.94	26.10
Discount rate current	8.00% per annum	8.00% per annum
Salary escalation current	5% per annum	5% per annum
Mortality	IALM 2006-2008 Ultimate	IALM 2006-2008 Ultimate
Withdrawal rate 18to 58 Years	2% per annum	2% per annum

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

An amount of 63.05 Lacs/-(PY. 74.44 Lacs) as contribution towards defined contribution plan is recognized as expense inthe Profit & Loss Statement

26.1O) CSR Expenditure

During the year. the company spent 297.90 lakhs (previous year 283.36 lacs) toward CSR under section 135 of the companies act 2013 and rules thereunder interms of policy framed Board of Directors.

26.11).Other Notes

a) <u>Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges</u>

Loans and advances inthe nature of loans given to subsidiaries, associates and others and investment in shares of the Company bysuchparties:

(In Lacs)

Nameof the party	Relationship	Amount outstandingas at 31 March, 2016
Kwality Dairy Products FZEDubai- Investment	Subsidiary	1,902.75 (1,902.75)

b) Previous year figure have been regrouped/reclassified wherever necessary to correspond with the current year classification/ disclosure.

As per our Report of even date

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

CA P.P. Mukerjee,
Membership No.:089854
Proprietor

Place : New Delhi
Date : 25-05-2016

For and on behalf of the Board of Directors

(Sanjay Dhingra)
Managing Director
DIN:-0002537

(CAV-e)
Chief Finance Officer
M.No:-087626

(Sidhant Gupta)
Director
DIN:- 00555513

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

STATUTORY AUDITORS

M/s. MSKA & Associates, Chartered Accountants are independent auditors with respect to our Company as required by the Companies Act 2013 and in accordance with the guidelines issued by the ICAI and have been appointed as the statutory auditors of our Company, pursuant to the approval of the shareholders of our Company at the 25th AGM held on September 29, 2017, with effect from the conclusion of the 25th AGM till the conclusion of the 30th AGM of the Company.

Our (i) audited consolidated financial statements for the Financial Year 2018 prepared in accordance with the Ind AS and Companies Act, 2013 together with the report issued by M/s. MSKA & Associates, Chartered Accountants; (ii) audited consolidated financial statements for the Financial Year 2017 prepared in accordance with the Ind AS and Companies Act, 2013 together with the report issued by P.P Mukerjee & Associates, Chartered Accountants; (iii) audited consolidated financial statements for the Financial Year 2016, prepared in accordance with Indian GAAP and the Companies Act, 2013 together with the report issued by P.P Mukerjee & Associates, Chartered Accountants; have been included in this Preliminary Placement Document.

GENERAL INFORMATION

- The Company was originally incorporated as a public limited company on August 21, 1992 under the provisions of Companies Act, 1956 with the name "Kwality Dairy (India) Ltd. Limited" and the name of the company was changed to its present name i.e Kwality Limited vide fresh certificate of incorporation dated August 16, 2013 issued by Registrar of Company NCT Delhi and Haryana.
- The registration number of the Company is 255519 and its corporate identification number is L74899DL1992PLC255519. The Company's registered office is situated at KDIL House, F-82, Shivaji Place, Rajouri Garden New Delhi 110 027
- The Equity Shares are listed on BSE and NSE.
- The Issue was authorized and approved by the Board of Directors on August 11, 2017 and approved by the shareholders at the Annual General Meeting held on September 29, 2017.
- The Company has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue on, BSE and the NSE vide letter no. DCS/QIP/RB/IP/891/2018-19 dated September 12, 2018 and vide letter no. NSE/LIST/18539 dated September 14, 2018 respectively.

- Copies of Memorandum and Articles of Association of the Company, Annual Reports of the Company for the FY 2016 & FY 2017 and the Balance Sheet for the Year ended March 31, 2018 will be available for inspection during usual business hours on any day of the week between 11.00 a.m. to 2.00 p.m. (except Saturdays, Sundays and public holidays) at our registered office.

- Except as disclosed in this Preliminary Placement Document, our Company has obtained all consents, approvals and authorizations required in connection with this Issue.

- There has been no material change in the Company's financial or trading position since March 31, 2018, the date of the latest audited financial statements prepared in accordance with Ind-AS included in this Preliminary Placement Document, except as disclosed herein.

- Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings pending against the Company, Promoter Group Companies and in the opinion of the Company no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Preliminary Placement Document, a material adverse effect on the Company's business, financial position, profitability or results of operations.

- The Indian GAAP and Ind AS Audited Financial Statements included herein have been prepared in accordance with Indian GAAP and Ind AS as applicable to companies in India. Unless the context otherwise requires, all financial data in this Preliminary Placement Document are derived from our Financial Statements. Indian GAAP differs in certain significant respects from IFRS and U.S. GAAP.

- We confirm that we are in compliance with the minimum public shareholding requirements as specified in the SCRR and the SEBI Listing Regulations.

- The authorized share capital of the Company is 10000.00 Lakhs divided into 10000.00 Equity Shares of ₹ 1/- each. As of March 31, 2018, the Company's issued & subscribed share capital is 2413.54 Lakhs divided into 2413.54 equity shares of ₹ 1 each. The Company's paid-up share capital is 2413.54 Lakhs divided into 2413.54 equity shares of ₹ 1 each.

- The Floor Price for the Issue is ₹ 21.20 per equity share, calculated in accordance with Chapter VIII of SEBI (ICDR) Regulations, as certified by M/s Mukun Vivek and Company, Practicing Company Secretaries.

- Pradeep K. Srivastava is the Company Secretary and Compliance Officer of our Company. His details are as follows:

  Pradeep K Srivastava
  Designation: Company Secretary and Compliance Officer
  Tel: 01147006500 Fax: 01125191800
  E-mail: cs@kdl.in
  Address: F-82, Shivaji Place, Rajouri Garden, New Delhi-110027

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII read with Schedule XVIII of the SEBI Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct as of the date hereof.

Signed by:

Sd/-
Sanjay Dhingra
Managing Director

Sd/-
Sharad Bhandari
VP, Finance & Accounts

Date: September 14, 2018
Place: New Delhi

DECLARATION

We, the Directors of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

Sd/-
(Sanjay Dhingra)
Managing Director

I am authorized by the resolution of the Board of Directors of the company , vide resolution dated September 12, 2018, to sign this Preliminary Placement Document and Annexure and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

Sd/-
Sanjay Dhingra
Managing Director

Sd/-
Sharad Bhandari
VP, Finance & Accounts

Date: September 14, 2018
Place: New Delhi

KWALITY LIMITED

Registered & Corporate Office:
KDIL House, F-82, Shivaji Place, Rajouri Garden
New Delhi 110 027.

Tel: +91-11-47006500 | **Facsimile:** +91 1662 220476
Email: investors@kdil.in, **Website:** www.kwality.com
CIN: L74899DL1992PLC255519

Contact Person:
Pradeep K. Srivastava
Designation: Company Secretary and Compliance Officer
Tel: 01147006500 Fax: 01125191800
E-mail: cs@kdil.in, investors@kdil.in
Address: F-82, Shivaji Place, Rajouri Garden, New Delhi-110 027

BOOK RUNNING LEAD MANAGER

D & A FINANCIAL SERVICES (P) LIMITED
13, Community Centre, East of Kailash, New Delhi-110065
Ph. No. +91-11-26218274/26419079; Fax No. +91-11-26219491
Contact Person: Ms. Radhika Pushkarna
Email: investors@dnafinserv.com ; Website: www.dnafinserv.com

STATUTORY AUDITOR TO THE COMPANY
MSKA & Associates
Chartered Accountants
The Palm Springs Plaza, Office No. 1501-08
Sector-54, Golf Course Road, Gurugram -122 001