



# annual report 2015

**KWALITY LIMITED**



# DISCLAIMER

In this annual report, we have disclosed forward looking information, to enable investors, to comprehend our prospects and take informed investment decisions. This report and other statements - both written and oral that we periodically make, may contain forward looking statements that set out anticipated result based on the managements plans and assumptions.

We cannot guarantee that these forward looking statements will be realized. Although we believe we have been prudent in our assumptions, the achievements of results are subject to risk, uncertainties and even inaccurate assumption. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



from  
**CMD**

Dear Shareholders,

I am pleased to write to you again at end of another wonderful year for Kwalita Limited. We have stayed on course to achieve our growth. Our business has performed well across all operating verticals including export as robust business model has helped us in facing tough external environment. We take pride in having kept the consumer delighted and milk producers happy by paying remunerative price to the lakhs of these small milk producers. We have realized that ensuring sustained income and livelihood to the milk producers is at the core of our strength.

We believe that commercial activities and corporate social responsibility must go hand in hand. Your Company has been closely associating with the farming community to help them improve the per animal productivity through provisions of nutritious readymade cattle feeds, feed supplements and priding ayurvedic and allopathic medicines to improve the health of their livestock, providing facilities for vaccinating animals to prevent occurrence of epidemic and endemic diseases, providing facilities to train, educate and enhance skills of the young farmers in clean milk production, animal health management. We have also sponsored financial inclusion initiative by collaborating with many public sector banks to provide loans to progressive farmers and entrepreneurs. For such efforts the Ayurved Knowledge Symposium has awarded Dr. R. S. Khanna, Director with "Integrating Agriculture and Livestock for Sustainability". He received this award on behalf of Kwalita Limited on the hands of Late Dr. APJ Abdul Kalam, Former President of India.

Your Company has shown all round development in such spheres as the milk procurement, milk processing, product development, expansion of sales network of consumers and institutions, projecting our brand and marketing. Your Company has recorded a consolidated growth of 17.47% in sales turn over increasing to Rs. 5,876.98 Crore this year as compared to Rs. 5,002.79 Crore last year and a growth of 14.90 % in net profit increasing to Rs. 166.93 Crore this year as compared to Rs. 144.93 Crore last year. During the year under preview the exports of the company showed an increase of 189% at Rs 530.21 crore in comparison to 183.45 crore of previous year. Your Company has performed much better considering that Indian dairy sector is not a major player in the international market.

I would also like to inform and ensure that Kwalita Limited performs better during the forthcoming years, the dairy plant has been strengthened with new milk powder plant to manufacture novel dairy products, and has added vertically integrated units for manufacture of UHT Milk, Table Butter, sterilized sweetened flavoured milk and juices, a variety of ethnic products like Dahi, Chhach, Lassi, Paneer and western dairy products that would include a wide range of cheese and yogurts.

I place on record my appreciation and gratitude to the Central and State Governments, financial institutions, consumers, business partners, associates, vendors, farmers, and to you the shareholders for the trust and support to the Company.

**Sanjay Dhingra**  
Chairman & Managing Director

# VIS MISSION



Our vision is to become a global leader in dairy food business and be connected to million of hearts.

To achieve our vision, we are committed to manufacture consumer safe products and maintain high quality of standards for our products with continuous efforts to improve.

We are committed to fulfill the needs of consumers by providing high quality of products at reasonable rates.



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# CORPORATE INFORMATION

### Board of Directors

Mr. Sanjay Dhingra  
(Chairman & Managing Director)  
Mr. Manjit Dahiya  
(Executive Director)  
Mr. Sidhant Gupta  
(Non-Executive Director)  
Dr. Rattan Sagar Khanna  
(Independent Non Executive Director)  
Mr. Arun Srivastava  
(Independent Non Executive Director)  
Ms. Pinky Singh  
(Women Independent Director)

### Company Secretary

Mr. Pradeep K. Srivastava

### Statutory Auditors

M/s. P.P. Mukerjee and Associates

### Secretarial Auditors

M/s Mukun Vivek & Co.

### Internal Auditor

M/s Mohan Gupta & Company

### Registered & Corporate Office

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

**CIN : L74899DL1992PLC255519**

### Registrars & Transfer Agents

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

### Plant Locations:

Village Softa, Palwal, Haryana  
Bakra Mandi, Ajmer, Rajasthan.  
Village: Kumarherha, NH-73, Sharanpur, UP  
Village: Mumrejpur, Dibai, Bulandsahar, UP  
Village: Ram Nagar, Hardoi Road, Sitapur, UP  
Village: Jarar, Tehsil: Bah, District: Agra, UP

### Listing Detail

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

### Depositories Detail

National Securities Depository Limited  
Central Depository Securities (India) Limited

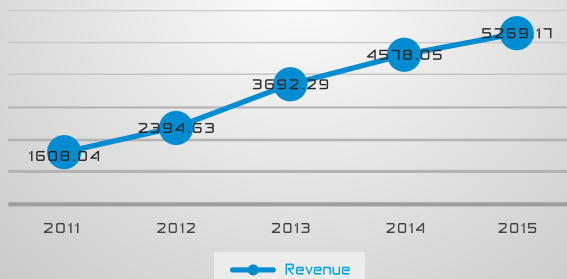
### Bankers

Andhra Bank  
Allahabad Bank  
Bank of Baroda  
Bank of India  
Canara Bank  
Central Bank of India  
Corporation Bank  
Dhanlaxmi Bank  
IDBI Bank Ltd  
Syndicate Bank

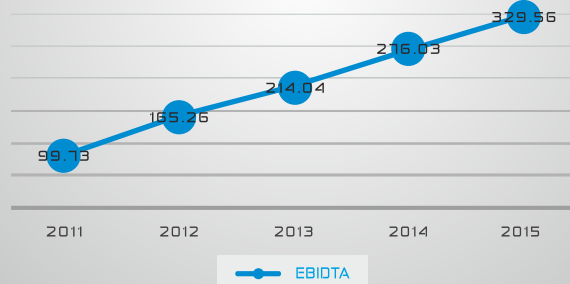
# KEY TRENDS

## (FY 2011-2015)

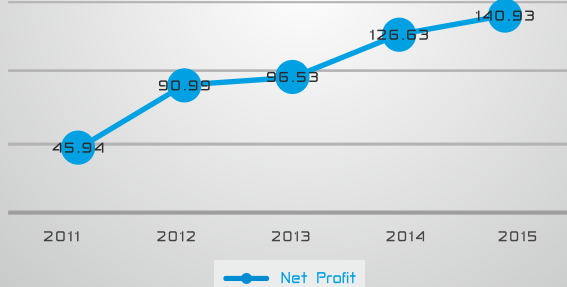
### REVENUE



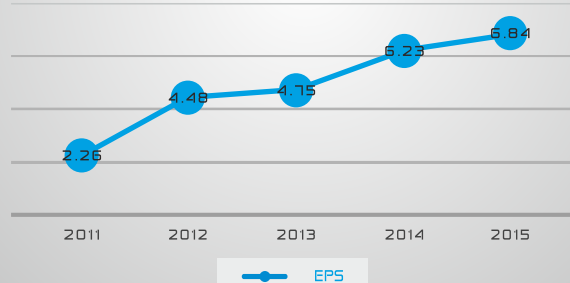
### EBIDTA



### NET PROFIT



### EPS\*



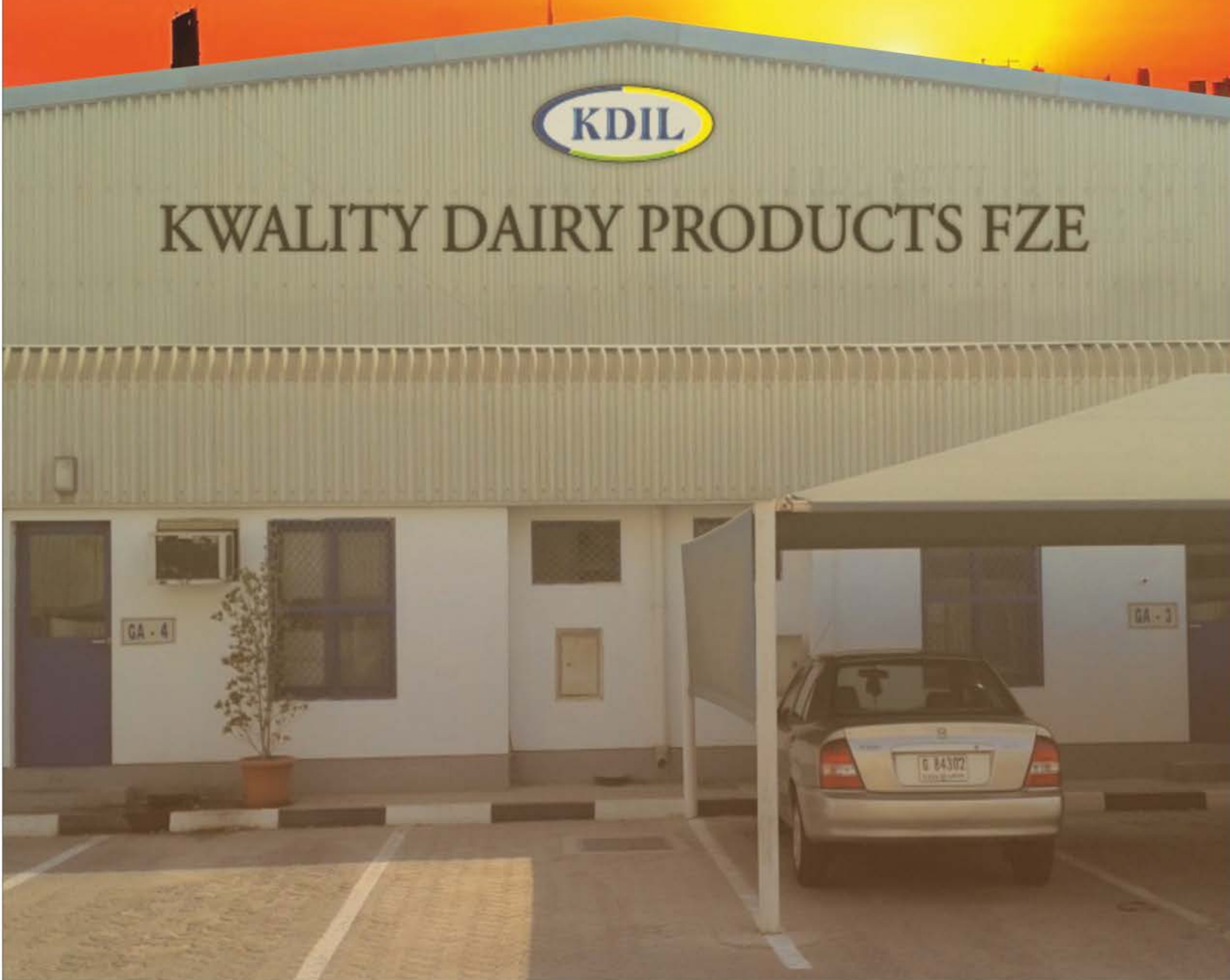
INR in Crores

\* Equity Shares of Face value of INR 1/- each

# PLANT & OPERATION







## WHOLLY OWNED SUBSIDIARY COMPANY IN DUBAI

To increase its international presence and cater to the new markets, Kwaliti Limited has established its wholly-owned subsidiary, Kwaliti Dairy Products FZE in free trade zone of UAE. The subsidiary is mainly involved in the trading of various milk products and imports skimmed and whole milk powder and various derivatives of milk, ghee, butter, nutraceuticals & other dairy products. The products are sold both domestically and export to other countries.

The Revenue from sale as on 31.03.2015 is 366,331,818 AED as compared to 278,168,956 AED in the previous year. Profit for financial year stood at 14,798,718 AED as against 11,011,346 AED in the previous year.

# OUR PRODUCT PORTFOLIO

## MILK IN POUCHES



Dairy Best Nutrified Milk is enriched with more vital minerals and vitamins. Compared to normal milk, Dairy Best Nutrified Milk has more Calcium and Vitamins A & D. It also contains Vitamin B2 for releasing the body's energy and Vitamin B12 for blood formation and healthy growth. It thus promises stronger bone development in the formative years, better muscle strength and a tougher immune system, in short a strong foundation for life, for your child.

### Available in :

Dairy Best Full Cream Milk (Both in 1 ltr & Half ltr)

Dairy Best Toned Milk (Both in 1 ltr & Half ltr)

Dairy Best Double Toned Milk (Half ltr)



## CURD

We have our variety of Curd to give customers greater choice. As curd is a staple and popular food of every Indian household, we are capturing the imagination of consumers with our 100% pure and high quality pasteurized toned cow's milk. It has all the goodness of natural calcium, is thick, consistent, delicious and easy to digest.

### Available in :

Cup - 100gms, 200gms & 400gms

Pouch - 200gms, 400gms & 1 kg

Matka - 1 kg, 2 kg, 5 kg & 15 kg

## FLAVOURED MILK



Flavoured milk is a nutrient rich milk based beverage produced exclusively from highest quality of fresh milk under utmost hygienic conditions using the latest & modern equipments. It is palatable & refreshing drink yet nutritious providing calcium, potassium, phosphorus, magnesium, vitamins & body building proteins. Protein is necessary to build muscles while calcium & phosphorus along with vitamin D help to build & strengthen teeth & bones.

It comes in many exotic flavours like, Strawberry, Banana, Butterscotch, Mango, Elaichi, Cold Coffee, Chocolate Milk, Kesar, Rose, etc.

### Available in:

180ml PP bottles.





## LOW CHOLESTEROL GHEE - LIVLITE

This revolutionary product has been proudly launched by Kwalitiy Ltd. only. This is pure ghee with 85% less cholesterol content. The technology has been developed & patented by National dairy Research Institute (NDRI) Karnal of ICAR and licensed by National Research and Development Corporation (NRDC). The product has been patented for the company for ten years.

Although fats & cholesterol are required to maintain overall health & normal body functioning, but high levels of cholesterol fill the arteries with fatty deposits which lead to lesser blood supply to the heart that can cause a stroke/ attack.

Prevention is better than cure. Lowering every one percent of cholesterol level in blood reduces the risk of heart attack by two percent. It is good for health conscious people.

**Available in:**

RT Pack: 1 litre

Tin Containers: 1 litre

## DESI GHEE & COW GHEE



This is AGMARK certified pure ghee produced from fresh milk of excellent quality under utmost hygienic conditions using the most modern equipment. It has traditional granular texture which gives a rich & mouth-watering aroma. It contains plenty of antioxidants & vitamins. It stimulates muscle movements, strengthens the sense organ, nourishes the skin and provides energy. It can help in better digestion too.

**Available in:**

RT Pack: 200ml, 500ml & 1 litre

Poly Pouch: 500ml & 1 litre

Tin Containers: 500ml, 1 litre, 2 litre, 5 litre & 15 kg

Poly Jars: 200ml, 500ml, 1 litre, 2 litre & 5 litre

Poly Bucket: 15 litre



## PASTEURISED TABLE BUTTER

White Salted Butter - It is a revolutionary product from Kwalitiy Ltd and has made its debut for the first time in India. White salted butter is made from clean and wholesome cream derived from 100% cow's pure milk. Contains no preservatives or added flavors.

**Available in:**

100 gm and 500 gm packs.

Traditional Yellow Butter Yellow butter is made from clean and wholesome cream derived from 100% cow's pure milk. Contains no preservatives or added flavors.

**Available in:**

100 gm and 500 gm packs.

## WAKE UP – INSTANT DAIRY CREMER



It is appropriate for making, milk, tea, coffee, curd, lassi, mishthi doi, milk shake, ice cream, pudding and sweets. India has a population of more than 1 billion with diverse food habits, cultures, traditions, and religions. History of ghee dates back to as early as 1500 B.C. in ancient India. Ancient Sanskrit literature describes ghee as “food fit for God” and a commodity of enormous value. Color: White or light cream Texture: Uniform, granular, free flowing, lump free.

**Available in:**

5 gm - Specially designed for Railways, Flight Catering, and Hotels etc.

25 and 50 gm - Pouch Pack

200 gm and 500 gm - Poly Jar

1kg – laminated pouch



## SKIMMED MILK POWDER

Skimmed Milk Powder is made from fresh full fat milk and is completely free from artificial flavors and colors. It can be used for making milk, tea, coffee, curd, lassi, mishthi doi, milk shake, ice cream, pudding and sweets. It has 1.5 % less fat content and has no added colours.

**Available in:**

500 gm and 1 kg laminated pack.

## PANEER



Fresh and soft Paneer (cottage cheese) is another pure product made from fresh milk. This traditional milk product is used all over the country in different forms-eat it raw or cooked, paneer is a hot favourite in every household. In line with providing customers with the best, Kwaliti ensures that the paneer we produce is of best quality.

Paneer is a valuable and healthy food because it is high in protein and has very little carbohydrates. A very simple yet delightful way to enjoy our paneer is to:

Sprinkle a few strawberries, diced peaches, chopped banana, or pineapple chunks on the top of cottage cheese. It can be eaten as a dessert or just as a good healthy breakfast!

**Available in :**

Paneer - 200gms

Masala Paneer - 200gms





## SWEET LASSI

Lassi, the refreshing and healthy milk based natural drink now gets a delicious twist from Dairy Best. We have introduced a range of mouthwatering flavours to enrich this traditional drink. So what you now get is the goodness of nature blended with a refreshingly exquisite taste. This new product is available in various package sizes, one can therefore enjoy it directly on the move (small pack) or at home, parties, picnics etc. (family pack). So be it summer or winter, India can now enjoy its favourite drink in the flavour of one's choice.

**Available in:**  
200 ml Pack Size

## DAIRY BEST CHAACH



We had entered the fray in this product segment with our own version of Chaach. Available in salted & masala flavours, our healthy and refreshing drink is the perfect thirst quencher for all ages. It ranks high on the health meter as it contains live probiotic bacteria which helps in digestion and improves immunity. It is manufactured using natural ingredients and a special culture that gives it a smooth, mildly acidic taste. The product is available widely all across India in various size packs.

**Available in:**  
500 ml Salted Chaach Pack Size  
200 ml Masala Chaach Pack Size



## DAIRY BEST TETRA PACK MILK

We've taken the tetra pack route to give our customers more choice and convenience. This Grade A fluid requires no refrigeration until the package is opened thanks to ultra pasteurization and the special shelf safe carton. The milk is enriched with Vitamin B2 that releases the body's energy and Vitamin B12 for blood formation and healthy growth.

Dairy Best Tetra Pack Milk contains:

- Vitamin B2 and Vitamin 12
- 2 times more Vitamin A
- 1.5 times more Calcium
- 2.5 times more Vitamin D

The milk therefore promises stronger bone development in the formative years, better muscle strength and a tougher immune system, in short a strong foundation for life, for your child.

**Available in:**  
Dairy Best Skimmed Milk  
Dairy Best Standardized Milk  
Dairy Best Toned Milk  
Dairy Best Double Toned Milk

# MARKETING INITIATIVES



AB KARO  
EXTRA STRONG  
DOODH  
SE DOSTI



EXTRA  
VITAMIN  
A & D

Aam doodh ke mukable Dairybest fresh milk mein hai extra Vitamin A jo improve kare aapki eyesight, aur extra Vitamin D jo bones ko banaye zyada strong and healthy. Ab yeh sab regular milk ki cost mein.

30 DIN KE DAIRYBEST DOODH KE SAATH  
1 DIN KA DOODH FREE.



Kwality Limited: For queries, call Toll Free No.: 1800 103 5345, Website: <http://www.kdii.in/milk.php>



# Kwality plans ₹300-cr dairy expansion

OUR BUREAU

New Delhi, March 21

Kwality Ltd proposes to invest up to ₹300 crore for expanding its milk procurement and processing capacity as it gears up to enter value-added products such as cottage cheese and flavoured milk.

Sanjay Dhirga, Chairman and Managing Director, said the company intended to expand its milk procurement network in Rajasthan, Haryana, Uttar Pradesh and Punjab and also to increase its chilling centres to 90 from the existing 22.

It has six milk processing facilities with a total capacity of 30 lakh litres a day.

Kwality collects about 28 lakh litres a day, of which about five lakh litres is directly from

two to three years," Dhirga told reporters. Kwality is in the process of installing equipment to manufacture products such as cottage cheese, flavoured milk and yogurt at three of its processing plants. Besides pouched milk, the company currently markets curd, ghee and skimmed milk powder (SMP).

"We propose to invest between ₹250 crore and ₹300 crore in expanding our processing capability and procurement network," said Sidhant Gupta, Executive Director. The company is finalising its investments plans and will fund the expansion partially through debt and internal accruals.

Kwality, which entered the pouched milk market in the National Capital Region

## Kwality Ltd inks MoU with Central Bank of India

NEW DELHI: Kwality Limited, India's premier dairy food company and Central Bank of India on Sunday signed a memorandum of understanding (MoU) for financing of dairy animals to the Milk Producers' Farmers (MPF) and to provide financial assistance for expansion/establishment of their dairy farms.

As per the MoU, Kwality Limited will identify the farmers, who supply milk to them and in return, the company will then recommend their names to the bank and upon checking the credentials of the farmers, the bank will extend its credit facility to the Milk Producers' Farmers (MPF) under Bank's 'Cent Dairy' scheme. Kwality Dairy will help the farmers in the documentation process in the prescribed format as according to the needs of the bank.

This MoU will further ensure procurement of quality of milk to Kwality Ltd. The company will also be remitting the sale proceeds of the milk from the farmers directly to the bank for appropriation towards the loan/credit of farmers account.

Kwality Ltd Director Sidhant Gupta said: "We are delighted to partner with a reputable bank Central Bank of India, memorandum of understanding will help us to procure good quality milk from farmers, helps us to strengthen supply side and improving our margins. This step is in line with our company's philosophy of commitment to help farmers for their needs and well-being. Kwality is also a technical inputs like insemination, artificial insemination, feed supplements, balanced cattle feed, etc. to the farmers. With six milk processing facilities, Kwality is a major contributor to the dairy sector in the country. The company is focusing on the value added products and this segment would be a big contributor to its product basket in the times to come.



## Kwality Q1 net profit up 2

New Delhi, Aug 14 (PTI) Dairy firm Kwality Ltd reported a net profit of Rs 34.10 crore for the quarter ended June 2014.

Its net profit stood at Rs 28.21 crore in the corresponding quarter of 2013.

Net sales rose by 27 per cent to Rs 1,100 crore in the corresponding quarter of 2014.

Commenting on the results, Kwality Ltd Managing Director Sidhant Gupta said: "We are pleased with the performance of the company in the quarter ended June 2014. The company is focusing on the value added products and this segment would be a big contributor to its product basket in the times to come.

Gupta said the company is focusing on the value added products and this segment would be a big contributor to its product basket in the times to come.

With six milk processing facilities, Kwality is a major contributor to the dairy sector in the country. The company is focusing on the value added products and this segment would be a big contributor to its product basket in the times to come.

## Kwality to Invest ₹300 Cr for Expansion of Dairy Biz



NEW DELHI: Dairy firm Kwality Ltd is planning to invest about ₹300 crore in the next fiscal to expand its milk procurement operations and launch more value-added products to its portfolio.

The Delhi-based company has six plants in Haryana, Uttar Pradesh and Rajasthan, with processing capacity of 30 lakh litres a day. Kwality Ltd posted a turnover of Rs 3,700 crore in 2012-13 and is looking at 20-25 per cent growth in the topline this year.

Gupta said the company is focusing on the value added products and this segment would be a big contributor to its product basket in the times to come.

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## दुग्ध उत्पादकों को मिलेगी सहायता

निःशुल्क दंत रोग शिविर

न्यूज एजेंसी/नवज्योति, गुरुदा

कवालिटी डेयरी पशुपालकों एवं ग्रामीणों के सर्वांगीण विकास के लिए कृतसंकल्प है। ग्राम कानपुरा कवालिटी लिमिटेड द्वारा निःशुल्क दंत रोग परामर्श एवं उपचार शिविर के दौरान चयनित संजय दीगर ने ग्रामीणों को सम्बोधित करते हुए कहा।

शिविर में दंत रोग विशेषज्ञ डॉ. परम भटनागर, डॉ. राज, सार्थक मायूर ने ग्रामीणों के दांतों को दवा एवं परामर्श दिया।

उत्पादकों एवं ग्रामवासियों के सम्भव सहायता करने को

जजर गजराज चौधरी को

नए रूपरेखा तैयार करने को

ना बनाने की जिम्मेदारी दी

रखाव के लिए आवश्यक

नि एवं बैंकों के माध्यम से

गुप्ता, एनआर सारस्वत, सचिन सचदेवा, वरूण महाजन ने सम्बोधित किया। इस मौके पर ग्राम कानपुरा स्कूल बच्चों के खेलने के लिए बैडमिन्टन खेल में काम आवाली समस्त सामग्री देने की घोषणा की। शिविर के दौरान 24 बच्चों को स्कूल गणवेश वितरण एवं 62 मरीजों की जांच कर दवा दी।



## Kwality plans ₹300-cr dairy expansion

OUR BUREAU

New Delhi, March 21

Kwality Ltd proposes to invest up to ₹300 crore for expanding its milk procurement and processing capacity as it gears up to enter value-added products such as cottage cheese and flavoured milk.

Sanjay Dhirga, Chairman and Managing Director, said the company intended to expand its milk procurement network in Rajasthan, Haryana, Uttar Pradesh and Punjab and also to increase its chilling centres to 90 from the existing 22.

It has six milk processing facilities with a total capacity of 30 lakh litres a day.

Kwality collects about 28 lakh litres a day, of which about five lakh litres is directly sourced from farmers and the rest through third party contractors and vendors.

"We plan to increase the share of milk procured directly from farmers to about 50 per cent of the total milk sourced in about

two to three years," Dhirga reporters. Kwality is in the process of installing equipment to manufacture products such as cottage cheese, flavoured milk and yogurt at three of its processing plants. Besides pouched milk, the company currently markets curd, ghee and skimmed milk powder.

"We propose to invest between ₹250 crore and ₹300 crore in expanding our processing capability and procurement network," said Sidhant Gupta, Executive Director.

The company is finalising its investments plans and will fund the expansion partially through debt and internal accruals.

Kwality, which enters the pouched milk market through its brand Dairy Best, has increased its sales to about 28 lakh litres a day over the past year.

The company, which posted a turnover of ₹3,700 crore in 2012-13, has seen its skimmed milk exports almost double to 8,000 tonnes in the current

## कवालिटी डेयरी ने सेंट्रल बैंक से किया करार



नई दिल्ली (ब्यूरो)। प्रमुख डेयरी फूड्स कंपनी क्वालिटी लिमिटेड ने दुग्ध उत्पादक किसानों को अपने डेयरी फार्म के विस्तार में वित्तीय मदद मुहैया कराने के लिए सेंट्रल बैंक ऑफ इंडिया के साथ करार किया है। कंपनी ने बताया कि इसके तहत क्वालिटी लिमिटेड उन किसानों की पहचान करेगी जो उसे दुग्ध की आपूर्ति करेंगे और जिन्हें वित्तीय सहायता की जरूरत होगी। इसके बाद कंपनी उनके नाम बैंक को भेजेगी और किसानों की साख की जांच के आधार पर बैंक उन्हें कर्ज उपलब्ध कराएगा। कंपनी ने कहा है कि यह समझौता उसके लिए दुग्ध की अच्छी गुणवत्ता की खरीद सुनिश्चित करने में भी मददगार साबित होगा। कंपनी किसानों से मिलने वाले दुग्ध की बिक्री से प्राप्त रकम को कर्ज खाते में जमा कराएगी।

## THE ECONOMIC TIMES

Kwality poised to scale up business; transformation

ECONOMICTIMES.COM Nov 4, 2014, 03:22PM IST

NEW DELHI: Kwality Limited, India's premier dairy food company, is planning to scale up its business transformation as the company pulls out all stops to become a player in India's dairy segment.

The new Business Transformation Team will be headed by Gaur. With its present turnover at Rs 5,000 crore, Kwality is planning to scale up its business transformation vis-a-vis its marketing and the entire effort is expanded to project the company as a consumer-oriented Business Transformation Team is to propel Kwality Ltd into the dairy industry by launching the bouquet of value added products.

Elaborating on the appointments, Sidhant Gupta, Director, said: "We are excited about the growth in an emerging India, the dairy sector is growing in volumes, even as the business gets increasingly competitive. We are aware of these challenges, Kwality Ltd will implement the Business Transformation Team. Accordingly, we are pleased to have Ateet Gaur as part of the team. We believe their management acumen will augment the arsenal of our driving greater growth and faster market penetration across the country."





### अपने पहले शिफ्ट टहलक वी 10वीं वर्षाबद पर वीरू ले लॉन्ग वी जूनियर क्रिकेट लीग

## भारत टी-20 वर्ल्ड कप खिताब का प्रबल दावेदार : सहवाग

आईसीसी जूनियर वर्ल्ड कप 2004 में सहवाग ने भारत के लिए 10वीं वर्षाबद पर वीरू ले लॉन्ग वी जूनियर क्रिकेट लीग में सहवाग का नाम जोड़ा है।

सहवाग ने 10वीं वर्षाबद पर वीरू ले लॉन्ग वी जूनियर क्रिकेट लीग में सहवाग का नाम जोड़ा है।

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### Veteran says he has not scored runs to merit a comeback

Mail Today Correspondent

# Honest Sehwag

While it is the veterans' job to pick players, it is his job to keep scoring runs and I haven't scored enough runs.

He doesn't matter to me. I am a captain of the team and I am spending time with youngsters & BACUS PICKER.

We need to give young time. Also, we are the favourites for World T20, followed by West Indies.

### Junior Pitch Pictures

Updated about 2 weeks ago

Like Comment Share

21/12/2015

How this is only visible to the person who wrote it and the location: Delhi, India. Other people can see it.

How this is only visible to the person who wrote it and the location: Delhi, India. Other people can see it.

7 Replies

**Virender Sehwag** (@virendrasehwag)

I would like to thank Dairy Best, Muthoot Group, ONGC and Matrix for supporting my grassroots initiative - Junior Pitch.

44 Retweets 103 Likes

25 Jun 2014

**VISHNUKESH SHUKLA** (@vishnushukla) Apr 25  
RE SEHWAG: WHAT RE U DOING? (@virendrasehwag)

**Samrat Dey Sarkar** (@samrat\_dey) Apr 25  
@virendrasehwag excellent work

Sehwag Cricket Academy shared Junior Pitch's photo

Sehwag Cricket Academy shared Junior Pitch's photo

Sehwag Cricket Academy shared Junior Pitch's photo



**Notice is hereby given that the Twenty Third Annual General Meeting of the Members of KQUALITY LIMITED will be held on Wednesday, the 30th day of September, 2015 at 9.30 A.M. at Lavanya, G.T. Karnal Road, Palla Bakhtavarpur Mord, Alipur, New Delhi - 110036, to transact the following business:-**

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and Profit & Loss Account and cash flow statement for the year ended on that date, together with the reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year 2014-15.
3. To appoint a Director in place of Mr. Sidhant Gupta (DIN: 00555513), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To ratify the appointment of auditors of the Company, to fix their remuneration and to pass the following resolution with or without modification(s), as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139,142 of the Companies Act, 2013 (“Act”), and other applicable provisions of the Act, if any and the rules made there under, pursuant to the recommendations of the audit committee of the Board of Directors, and subject to the approval of shareholders, the appointment of M/s. P.P. Mukerjee & Associates, Chartered Accountants (ICAI Firm Registration No. 023276N), as the auditors of the Company to hold office till the conclusion of the AGM to be held in the year 2019 (subject to ratification of their appointment at every AGM) be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31st March, 2016 as may be determined by the audit committee in consultation with the auditors, and that such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors”.

## **SPECIAL BUSINESS**

### **5. APPOINTMENT OF MS. PINKY SINGH AS AN INDEPENDENT DIRECTOR**

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

**“RESOLVED THAT** pursuant to Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Ms. Pinky Singh (**DIN: 5181540**), who was appointed as an Additional Director of the Company by the Board of Directors with effect from March 26, 2015 and who hold office till the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intension to propose Pinky Singh (**DIN: 5181540**) as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company for a period up to March 25, 2020, not liable to retire by rotation.”

### **6. APPOINTMENT OF MR. MANJIT DAHIYA AS DIRECTOR**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment and Qualifications of Directors) Rules 2014, Mr. Manjit Dahiya (DIN:07182188), who was appointed an Additional Director of the Company with effect from 12th May, 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for office of Director, be and is hereby appointed as Director of the Company.”

### **7. APPOINTMENT OF MR. MANJIT DAHIYA AS WHOLE-TIME DIRECTOR**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act and the Rules made thereunder, as amended from time to time and pursuant to the recommendation of Remuneration, Compensation and Nomination Committee, Mr. Manjit Dahiya (DIN: 07182188) be and is hereby appointed as Whole Time Director of the Company for a period of 5 years w.e.f 12th May, 2015 to 11th May 2020 and he will be paid remuneration as per Schedule V of the Companies Act, 2013, set out below with liberty to the Directors to alter, vary or increase the remuneration specified below from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or increase, as the case may be, is within the overall limits as specified under the relevant provisions of the Companies Act, 2013 and/or as approved by the Central Government or such other competent authority, if applicable and in such manner as may be agreed to between the Board of Directors and Mr. Manjit Dahiya (DIN: 07182188)

Basic Salary	:	Rs.90,000/-
House Rent Allowance	:	Rs.45,000/-
Special Allowance	:	Rs.41,400/-

#### **Other Perquisites:**

- i Reimbursement of medical expenses actually incurred for self and family, subject to a ceiling of Rs.12,000/- p.m..
- ii Mediclaim Policy for self and Family as per policy of Company.
- iii Leave travel concession/ allowance for self and family as per rules of the Company.



- iv Leave on full pay and allowance, as per the rules of the Company.
- v 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.
- vi Gratuity, not exceeding half a month salary for each completed year of service and as per the rules of the company
- vii Reimbursement of car with driver and maintenance subject to ceiling of Rs. 36,100 p.m. and reimbursement of mobile bill actually incurred for official purpose.

**RESOLVED FURTHER THAT** notwithstanding anything contained herein, where in any financial year during the tenure of the Whole-Time Director, the Company has no profits or its profits are inadequate, the Company may subject to receipt of the requisite approvals including approval of Central Government, if any, pay to the Whole-Time Director the above remuneration as the minimum remuneration by way of salary, perquisites, performance pay, other allowances and benefits, and that the perquisites pertaining to contribution to provident fund, superannuation fund or annuity fund, gratuity and leave encashment shall not be included in the computation of the ceiling on remuneration specified in Section II and Section III of part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** Mr. Manjit Dahiya, Whole Time Director be and is hereby designated as Key Managerial Personnel in terms of Section 2(51) read with Section 203 of the Companies Act, 2013.

## 8. AUTHORITY TO ENTER INTO RELATED PARTY TRANSACTIONS

To consider and if thought fit, to pass the following resolution with or without modification(s), as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 188, 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Meetings of Board and its Powers) Rules, 2014 including any statutory modifications or re-enactment thereof for the time being in force, and pursuant to the clause 49(VII) of the listing agreement entered into with stock exchanges and subject to such other approvals, consents, permissions and sanctions of the authority as may be necessary, the consent of the company be and is hereby accorded to Mr. Sidhant Gupta, Non-Executive Director of the Company, to take remuneration in excess of Rs 2,50,000/- p.m from Kwality Dairy Products FZE, Wholly Owned Subsidiary of Kwality Limited with effect from 01st October, 2015.

## 9. TO PAY COMMISSION TO NON-EXECUTIVE DIRECTORS

To consider and if thought fit, to pass the following resolution with or without modification(s), as Special Resolution:

**RESOLVED THAT** pursuant to provisions of Sections 197,198 and all other applicable provisions, if any, of the Companies Act, 2013, the Company hereby accords its consent and approval to pay remuneration to Non-Executive Directors of the Company by the way of commission not exceeding 1% of the Net Profit of the Company in lieu of their services to the Company and that Board of Directors of the Company (hereinafter referred to as ‘the Board’ which terms shall be deemed to include any committee which the Board may constitute to exercise its powers including powers conferred by this resolution) shall in their absolute discretion, decide the extent to which such remuneration is payable to each of the Non-Executive Directors based on their individual services to the Company within the ceiling limit of 1% of the Net profit of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate its powers conferred by this resolution to any Director or Directors or Remuneration, Compensation and Nomination Committee of Directors to determine the extent to which such remuneration is payable to each of the Non-Executive Directors based on their individual services to the Company.

## 10. ISSUE OF SECURITIES OF THE COMPANY FOR AN AMOUNT OF UP TO RS 10,000 MILLION

To consider and if thought fit, to pass the following resolution with or without modification(s), as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 42, 62 and other applicable Provisions, if any, of the Companies Act, 2013, Companies (Share Capital and Debentures) Rules, 2014 and all applicable rules made thereunder (including any amendments / modifications thereto or re-enactment thereof) (the “Act”) and pursuant to the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (the “SEBI ICDR Regulations”), as amended, and subject to all the other rules, regulations, guidelines, notifications and circulars prescribed by the Securities and Exchange Board of India (“SEBI”), the applicable provisions of the Foreign Exchange Management Act, 1999, as amended (“FEMA”) and regulations made thereunder including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the Company’s equity shares are listed (“Listing Agreements”), and in accordance with the applicable regulations and/ or guidelines issued by any other competent authorities and/ or clarifications issued thereon, from time to time and subject to all such approvals, permissions, consents and / or sanctions as may be necessary from the Government of India (“GOI”), the Reserve Bank of India (“RBI”), SEBI, the Stock Exchanges, the Ministry of Finance (Department of Economic Affairs) and Ministry of Commerce & Industry (Foreign Investment Promotion Board/Secretariat for Industrial Assistance) and / or all other ministries, departments or other statutory or local authorities of the GOI and/ or any other competent governmental or regulatory authorities as may be required, whether in India or outside India (hereinafter collectively referred to as Appropriate Authority’) and subject to such conditions and / or modifications as may be prescribed by any of them while granting such approvals, permissions, consents and / or sanctions (hereinafter referred to as “Requisite Approvals”), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any duly authorised Committee constituted or may hereinafter be constituted and/ or any Director(s) of the Company, delegated with the powers necessary for the purpose, (including the powers conferred by this Resolution), consent of the Members of the Company be and is hereby accorded to the Board of Directors or Committee thereof to create, offer, issue and allot in one or more tranches, whether rupee denominated or denominated in foreign currency in the course of international and/ or domestic market for a value of up to Rs. 10,000 Million (Rupees Ten thousand millions only), such number of Equity Shares, Global Depository Receipts(GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), Warrants Convertible/ Non-Convertible, Compulsory convertible preference shares(CCPS) and/ or Equity Shares through Depository

Mechanism and/or Fully/Partly Convertible Debentures and/or Non-Convertible Debentures (NCDs) with or without warrants and/or Equity Shares through Convertible Securities, or any other financial instruments convertible into or linked to Equity Shares and/or any other instruments and/or combination of instruments with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form including without limitation, the Securities as defined under the Securities Contract Regulation Act, 1956 and the rules made thereunder as amended from time to time (hereinafter collectively referred to as the "Securities") whether, secured or unsecured, Listed on any stock exchange(s) in India, through an offer document and/or prospectus and/or offer letter and/or offering circular and/or placement document, and/or listing particulars, to any person including foreign / resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise), foreign institutional investors, venture capital funds, foreign venture capital investors, qualified foreign investors, alternative investment funds, multilateral and bilateral financial institutions, state industrial development corporations, insurance companies, provident funds, pension funds, insurance funds set up by army, navy, or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, development financial institutions, Indian mutual funds, non-resident Indians, promoters, members of group companies, Indian public, bodies corporate, companies (private or public) or other entities, authorities, and/or any other categories of investors, whether they be holders of Equity Shares of the Company or not (collectively called the "Investors") including allotment in exercise of a green shoe option, if any, by the Company, through public issue(s), rights issue(s), private placement(s), and / or qualified institutional placement under Chapter VIII of the SEBI (ICDR) Regulations or a combination thereof at such time or times, at such price or prices, at a discount or premium to the market price or prices, including discounts as permitted under applicable law, in such manner and on such terms and conditions including security, rate of interest and conversion terms, as may be decided by and deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the lead managers, or other advisor(s) for such issue(s), as the Board in its absolute discretion may deem fit and appropriate"

**RESOLVED FURTHER THAT** if any issue of Securities is made by way of a qualified institutional placement in terms of Chapter VIII of the SEBI (ICDR) Regulations, the allotment of the Securities, or any combination of Securities as may be decided by the Board shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI (ICDR) Regulations from time to time and the Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time under the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** in the event that Equity Shares are issued to qualified institutional buyers under Chapter VIII of the SEBI (ICDR) Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares and at such price being not less than the price determined in accordance with the pricing formula (including any permitted discounts) provided under Chapter VIII of the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** in the event the Securities are proposed to be issued as FCCBs, ADRs, or GDRs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decide to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme 1993 and other applicable pricing provisions issued by the Ministry of Finance.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with the prevailing practices and regulations in the capital markets including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the term of the Securities and the Board be and is hereby authorised in its absolute discretion to dispose off such of the Securities that are not subscribed in such manner as it may deem fit.

**RESOLVED FURTHER THAT** the issue of Securities which are convertible into Equity Shares shall, inter alia, be subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the Equity Share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro rata;
- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares shall stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders; and

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint lead managers, co-managers, underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, advisors, auditors, stabilizing agent and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on stock exchange(s), to seek consent, if required from lenders of the Company and parties with whom the Company has entered into various commercial and other agreements in connection with the issue and allotment of Securities and also to open one or more bank accounts in the name of the Company within or outside India, as may be required, subject to receipt of requisite approvals wherever required from the RBI or any regulatory authority, as applicable.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of Equity Shares including issue and allotment of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares that may be issued and allotted by the Company, including issue and allotment of equity shares upon conversion of any securities referred above, shall be issued and allotted in accordance with the provisions of the Memorandum and Articles of Association of the Company and shall rank paripassu inter se with the existing Equity Shares of the Company in all respects except as provided otherwise under the terms of issue/offering and in accordance with the offer document and/or prospectus and/or offer letter and/or offering circular and/or listing particulars.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the issue(s), including the class of Investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, discount(s) permitted under applicable law (now or hereafter), premium amount on issue/conversion of Securities, listings on stock exchanges in India as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s).

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval of the preliminary as well as final offer document(s), placement document or offering circular, as the case may be, execution of various transaction documents, creation of mortgage/ charge in accordance with Section 180 of the Companies Act 2013 or such other provisions of the Companies Act, 2013 and the Rules made thereunder, in respect of any Securities as may be required either on pari passu basis or otherwise as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any committee of directors or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.

**11. RATIFICATION OF COST AUDITOR'S REMUNERATION**

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

**RESOLVED THAT** pursuant to provisions of Section 148 of the Companies Act, 2013 (the "Act") and other applicable provisions of the Act read with the relevant Rules thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded for the payment of remuneration of Rs.1,00,000/- (Rupees One lakh only) plus applicable service tax and reimbursement of out of pocket expenses to M/s M K Jha & Co, Cost Accountants, (Firm Registration No. 101333) appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the financial year ending on 31st March, 2016.

**By Order of the Board**

**Sd/**

**(Pradeep K. Srivastava)**

**(Company Secretary & Compliance Officer)**

**Place: New Delhi**

**Date: 14.08.2015**



## NOTES:

**1. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED, DULY FILLED AND AUTHENTICATED AT REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS (FORTY-EIGHT HOURS) BEFORE THE SCHEDULED TIME OF THE MEETING.**

2. The relevant Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out material facts relating to the business at item no. 5 to item no. 11 of the Notice as set out above, is annexed hereto.

3. Member/Proxies should bring the Attendance Slip in the Meeting duly filled in, for attending the meeting.

4. Statutory Registers under the Companies Act, 2013 is available for the inspection at the registered Office of the Company during business hours.

5. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting.

6. Members are requested to bring their admission slips along with copy of the report & accounts to the Annual General Meeting.

7. Members who wish to obtain information on the Company or view the accounts for the financial year ended 31st March, 2015, may visit the Company's website [www.kdil.in](http://www.kdil.in).

8. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, will be paid within 30 days after the date of declaration:

- To those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Registrar and Transfer Agents (R&T Agents) of the Company on or before Thursday, 24th September 2015.

- In respect of shares held in electronic form (demat mode), dividend will be paid to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of business hours on Thursday, 24th September 2015.

- Physical shares – Payment of dividend through NECS: Members holding shares in physical form are advised to submit particulars of their bank account, viz. name and address of the branch of the bank, MICR Code of the branch, type of account and account number at the earliest to our Registrar and Share Transfer Agent, M/s Beetal Financial & Computer Services Private Limited.

9. This may be taken as notice of declaration of dividend for the financial year 2014-15 in accordance with Article 138 of the Article of Association of the Company in respect of dividend for that year when declared.

10. The Register of Members and Transfer Books of the Company will remain closed from 25th September, 2015 to 30th September, 2015 (both days inclusive) for the purpose of ascertaining eligibility to dividend, if declared.

11. Members are requested to intimate the Registrar and Share Transfer Agent of the Company - M/s Beetal Financial & Computer Services Private Limited, Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Center, Near Dada Harsukhdas Mandir, New Delhi – 110062, immediately of any change in their address in respect of equity shares held in physical mode and to their DPs in respect of equity shares in dematerialized form.

12. Members may avail nomination facility as provided under Section 72 of the Companies Act, 2013.

13. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.

14. Across the world, there is an increasing focus on doing our share to help save our environment from further degradation. Recognizing this trend, the Ministry of corporate Affairs (vide circular nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 respectively), has undertaken a "Green Initiative in Corporate Governance" and allowed Companies to share documents/notices (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc) with its shareholders through electronic mode. The move of the Ministry allows public at large to contribute to the green movement.

To support this green initiative of the Government in full measure, shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Shareholders holding shares in physical form can avail the said facility by filling in the E-Communication Registration Form available on Company's website ([www.kdil.in](http://www.kdil.in)) and forward the same to Company's Registrar i.e. Beetal Financial & Computer Services Private Limited. Shareholders holding shares in electronic form can also avail said facility by registering/ changing the E-mail address with the Depository through their concerned Depository Participants (DP) or by filling in the E-Communication Registration Form as attached to this Annual Report and forward the same to the Company's Registrar i.e. Beetal Financial & Computer Services Private Limited.

15. The Company hereby gives an opportunity to all the members, who have not get their e-mail id recorded, to get it registered to avail the facility to receive any communication through electronic mode.

16. Members are hereby informed that Dividend which remains unclaimed / un-encashed over a period of seven years, has to be transferred as per the provisions of Section 124 of the Companies Act, 2013 by the Company to "The Investor Education & Protection Fund" constituted by the Central Government under Section 125 of the Companies Act, 2013. It may please be noted that once unclaimed / un-encashed dividend is transferred to Investor Education & Protection Fund" as above, no claims shall lie in respect of such amount by the shareholder against the Company.

17. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder and listing agreement, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice.

### **18. Detail of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting**

Name of the Directors	Mr. Sidhant Gupta	Ms. Pinky Singh	Mr. Manjit Dahiya
Date of Birth	10th January, 1977	27th January, 1988	04th April, 1963
DIN	00555513	05181540	07182188
Relationship with other Directors Inter-se	None	None	None

Date of Appointment	18th April, 2011	26th March, 2015	12th May, 2015
Qualification	B.Com (Hons) & MBA (Finance)	B.Com, C.S. & LLB	B.Sc. (Dairy Technology)
Expertise in specific functional area	Expertise in Financial Modeling & Resource Mobilisation	Legal, Finance & Secretarial Compliance	Vast Experience in Dairy Business , Dairy Technology
Directorship held in other Companies as on date.	NIL	NIL	NIL
Chairman/Member of the committee of the Board of Directors of the Company as on 31st March 2015	<ul style="list-style-type: none"> <li>• Member of Audit Committee</li> <li>• Member of Stakeholders Relationship Committee</li> <li>• Member of Share Transfer Committee</li> <li>• Member of Management Committee</li> <li>• Member of CSR Committee</li> <li>• Member of Risk Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Member of Remuneration, Compensation and Nomination Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Member of Management Committee</li> </ul>
Chairman/Member of the committee of the other companies in which he is a director as on 31st March 2015	NIL	NIL	NIL
Number of Shares held in the Company	*NIL	NIL	NIL

\*Mr. Sidhant Gupta, Non-Executive Director of the Company holds 51,81,347 Convertible Warrants of Rs 48.25 each

**Instructions for members for voting electronically are as under:-**

- (A) In case of members receiving e-mail:
  - (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (ii) Click on "Shareholders" tab to cast your votes.
  - (iii) Now, select "KWALITY LIMITED" from the drop down menu and click on "SUBMIT".
  - (iv) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on address sticker.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

**KWALITY LIMITED**

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

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

**Email : info@kdil.in Website : www.kdil.in**

**CIN: L74899DL1992PLC255519**

**ATTENDANCE SLIP**

**ANNUAL GENERAL MEETING**

**Wednesday, 30th September, 2015 at 9.30 a.m.**

**VENUE: Lavanya, G.T. Karnal Road, Palla Bakhatavarpur Mord, Alipur, Delhi-110036**

DP Id:..... Folio No:.....

Client ID:..... No. of Shares held:.....

Member's Name:.....

Complete Address:.....

.....

I hereby record my presence at the Annual General Meeting of the Company to be held on Wednesday, 30th September, 2015 at 9.30 a.m. at Lavanya, G.T. Karnal Road, Palla Bakhatavarpur Mord, Alipur, Delhi-110036

.....

Member's Signature

If proxy attended Instead of Member:

Proxy Name:..... Proxy's Signature:.....

Note: Members/Proxy holders wishing to attend the meeting must bring their duly filled and signed Attendance Slip with them. NO GIFT/COUPON WILL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING.

**Form No. MGT-11****PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L74899DL1992PLC255519

Name of Company : Kwaliti Limited

Registered office : Kwaliti House, F-82, Shivaji Place, Rajouri Garden, New Delhi-110027

Name of Member (s) : ..... E-mail Id : .....

Folio No/Client Id : ..... DP ID : .....

Registered address : .....

I/We, being the member (s) of ..... shares of above named company, hereby appoint

1. Name : ..... E-mail Id : .....

Address :

Signature : ....., or failing him

2. Name : ..... E-mail Id : .....

Address :

Signature : ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the company, to be held on Wednesday the 30th day of September, 2015 At 9.30 a.m. at Lavanya, G.T. Karnal Road, Palla Bakhtavarpur Mord, Alipur, Delhi - 110036 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolutions	Votes	
		For	Against
1	Adoption of Balance Sheet and Profit & Loss Account together with the reports of the Directors and Auditors thereon		
2	Approval of dividend for the financial year 2014-15		
3	Appoint Mr. Sidhant Gupta, who retires by rotation and being eligible, offers himself for re-appointment.		
4	Appointment of M/s. P.P. Mukerjee & Associates as Statutory Auditor of the Company		
5	Appoint Ms. Pinky Singh as an Independent Director		
6	Appoint Mr. Manjit Dahiya as a Director		
7	Appoint Mr. Manjit Dahiya as Whole-Time Director		
8	Authority to enter into Related Party Transactions		
9	To Pay Commission to Non-Executive Directors		
10	Issue of Securities of the Company for an amount of up to Rs 10,000 million		
11	Ratification of Cost Auditor's Remuneration		

Signed this ..... day of ..... 2015

Signature of shareholder

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



- (x) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this notice.
  - (xi) Click on the EVSN for the relevant "KWALITY LIMITED" on which you choose to vote.
  - (xii) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (xiii) Click on the "Resolutions File Link" if you wish to view the entire Resolution Details.
  - (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and image verification code and click on Forgot password & enter the details as promoted by the system.
  - (xviii) Institutional shareholders (i.e other than Individuals, HUF, NRI etc) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the Board resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (B) In case of members receiving the physical copy of Notice of Annual General Meeting [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:
- Please follow all steps from sl. no. (i) to sl. no. (xvii) above, to cast vote.
  - The e-voting period begins on 27.09.2015 at 10:00 AM and ends on 29.09.2015 at 5:00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e 24.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
19. Mr. Mukun Arora of M/s Mukun Vivek & Company, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
20. The notice is being dispatched/emailed to all the members whose names appear on the register of members/list of beneficial owners as received from the National Securities Depository Ltd. (NSDL)/Central Depository Services (India) Ltd. (CDSL) on 21st August 2015 and voting rights shall be reckoned on the paid-up value of the shares registered in the name of the shareholders as on the same date.
21. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
22. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kdil.in](http://www.kdil.in) within two days of the passing of the resolutions at the Annual General Meeting of the Company and communicate to Stock Exchanges, where the shares of the Company are listed.

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

## ITEM NO. 5

The Board of Directors, at its meeting held on 26th March,2015, appointed Ms. Pinky Singh as an Additional Director of the company with effect from March 26, 2015, pursuant to section 161 of the Companies Act,2013, read with Article 109 of the Article of Association of the Company.

Pursuant to the provision of Section 161 of the Companies Act, 2013, Ms. Pinky Singh will hold office upto the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of Rs.1,00,000/- proposing the candidature of Ms. Pinky Singh for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act,2013.

The Company has received from Ms. Pinky Singh (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she meets the criteria of Independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Ms. Pinky Singh as an Independent Director of the Company for a period up to March 25, 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. She will not be liable to retire by rotation.

No director, key managerial personnel or their relatives, except Ms. Pinky Singh, to whom the resolution relates, are interested or concerned in the resolution.

## ITEM NO. 6 & 7

Mr. Manjit Dahiya was appointed as an Additional Director of the Company with effect from 12th May, 2015 by the Board of Directors under Section 161 of the Act and Article 109 of the Company's Articles of Association. In terms of Section 161(1) of the Act, Mr. Manjit Dahiya holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Mr. Manjit Dahiya appointment as a Director. The Board also appointed Mr. Manjit Dahiya as the Whole Time Director of the Company for the period from 12th May, 2015 to 11th May, 2020, subject to approval of the Members.

Mr. Manjit Dahiya holds a graduate degree in B.Sc in Dairy Technology from National Dairy Research Institute, Karnal. Before joining Kwalitiy Limited he was associated with J.K. Dairy and Foods Ltd in Gajrola as a Production Manager, as Dy. General Manager in Milk Foods Ltd. Karnal, and as General Manager in Sterling Agro Industries, Kundli, Sonapat. He holds more than 25 years of experience in the Dairy Industry, expert in setting dairy plants, development of dairy product and implementing latest developments in dairy industry and is responsible for handling technical issue at the Plant and milk chilling centers. He is responsible for bringing reforms in SMP, Ghee, Cheese, Paneer, D.W. and other dairy products which prove to be a boon for the company.

The resolution seeks the approval of members for the appointment of Mr. Manjit Dahiya as Whole Time Director of the Company for a period up to May 11, 2020 pursuant to Section 196,197&203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He will liable to retire by rotation.

No director, key managerial personnel or their relatives, except Mr. Manjit Dahiya, to whom the resolution relates, are interested or concerned in the resolution.

## ITEM NO. 8

Mr. Sidhant Gupta, Non-Executive Director of Kwalitiy Limited and management graduate with rich experience of more than a decade in dairy industry, strategic business development, liasoning & international trade, in order to seek out the opportunities in international market, which may be directly or indirectly beneficial for the Company in future, resigned from the position of Whole-Time Director of the Company and appointed as manager of Kwalitiy Dairy Products FZE on the terms and conditions as may be decided by the Board of Subsidiary.

As per Section 188 (1) (f) and the rules thereunder of the Companies Act, 2013, no related party should be appointed to any office or place of profit in the Company's Subsidiary at a monthly remuneration exceeding Rs. 2,50,000/- except with the prior consent of the members by a Special Resolution at a General Meeting.

**Disclosure as required to be given under Rule 15 of Chapter XII of the Companies (Meetings of Board and its Powers) Rules 2014 is given below:**

Name of the Related Party	Mr. Sidhant Gupta
Name of the director/ member or key managerial personnel who is related, if any	NA
Nature of relationship	Director in Kwalitiy Limited
Nature of Material terms and monetary value	Mr. Sidhant Gupta has been appointed as manager of Kwalitiy Dairy Products FZE on remuneration in excess of Rs 2,50,000/- p.m and terms & conditions as embodied in the resolution given in item no. 8

Your directors accorded their consent for passing of the above resolution at Item No.8 of the Notice.

Except Mr. Sidhant Gupta, None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item No. 8.

## ITEM NO. 9

The Non-Executive Directors of the Company are required to render services to the Company from time to time, which are beneficial to the performance of the Company. With the growth of activities of the company it is important for the Company to utilize the expertise of the Non-Executive Directors as and when required. It is therefore proposed to pay remuneration to Non-Executive Directors, in lieu of their services to the Company, by the way of commission not exceeding 1% of the net profit of the Company.

The Directors recommend the Special Resolution for the approval of the member.

Except Dr. Rattan Sagar Khanna, Ms. Pinky Singh, Mr. Arun Srivastava and Mr. Sidhant Gupta, none of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item No. 9.

The passing of the aforesaid resolution also does not relate to or affect any other Company.

#### **ITEM NO. 10**

The Company has taken up and intends to take up in several growth initiatives in future like expansions, modernizations, new projects strengthening of procurement mechanism, establishment of milk chilling centers, overseas direct investment in subsidiary companies/joint venture, working capital and other general corporate purposes, etc. and any other use which may be required in the normal business and as permitted under applicable law from time to time. Therefore, there is need to strengthen its financial position by augmenting long term resources. The Company plans to achieve this by issue of securities in international markets and/or in domestic market.

Accordingly, the Company proposes to create, offer, issue and allot such number of Equity Shares, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), Warrants Convertible/ Non- Convertible, Compulsory Convertible Preference Shares (CCPS) and/or Equity Shares through Depository Receipt Mechanism and/or Fully/Partly Convertible Debentures and or Non-Convertible Debentures with or without warrants or any other financial instruments convertible into or linked to Equity Shares and/or any other instruments and/or combination of instruments with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form or any combination of Securities through public issues(s), private placement(s), or a combination thereof, including issuance of Securities through qualified institutional placement, Rights Issue or a combination thereof as per SEBI (ICDR) Regulations.

The Board may in their discretion adopt any one or more of the mechanisms prescribed above to meet its objectives as stated in the aforesaid paragraphs without the need for fresh approval from the Members of the Company.

The pricing of the Securities that may be issued to qualified institutional buyers pursuant to a qualified institutional placement shall be freely determined subject to such price not being less than the price calculated in accordance with Chapter VIII of the SEBI (ICDR) Regulations. The Company may, in accordance with applicable law, offer a discount of not more than 5% or such percentage as permitted under applicable law on the price determined pursuant to the SEBI (ICDR) Regulations. The "Relevant Date" for this purpose will be the date when the Board or the Committee of the Board thereof decides to open the qualified institutional placement for subscription.

The Special Resolution also seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the issue(s)/offering(s) will be determined by the Board or its committee in its sole discretion in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be necessary considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The offer/issue/allotment/conversion would be subject to the availability of regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the provisions of the Listing Agreement.

Section 62(1) (c) of the Companies Act 2013 provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further Equity Shares, such further Equity Shares shall be offered to the existing Members of such company in the manner laid down in Section 62 of the Companies Act, 2013 unless the Members in a General Meeting decide otherwise. Since, the Special Resolution proposed in the business of the Notice may result in the issue of Equity Shares of the Company to persons other than Members of the Company, consent of the Members is being sought pursuant to the provisions of Sections 42, 62 and other applicable provisions of the Companies Act, 2013 as well as applicable Rules notified by the Ministry of Corporate Affairs and in terms of the provisions of the Listing Agreement executed by the Company with the stock exchanges where the Equity Shares of the Company are listed.

The Special Resolution, if passed, will have the effect of allowing the Board to offer, issue and allot Securities to the Investors, who may or may not be the existing Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item No. 10.

#### **ITEM NO. 11**

The Company is required under section 148 of the Act to have the audit of its cost records conducted by a cost accountant in practice. The Board of your Company has, on the recommendation of the Audit Committee, approved the appointment of M/s M K Jha & Co., Cost Accountants, as the Cost Auditors of the Company to conduct cost audit of the Company for the year ending 31st March, 2016 at a remuneration of Rs. 1,00,000/- (Rupees One lakh only) plus applicable service tax and out-of-pocket expenses.

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

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

None of the Directors and KMP of the Company or their respective relatives is concerned or interested in the Resolution mentioned at Item No.11 of the Notice.

**Place: New Delhi**  
**Date : 14.08. 2015**

**By Order of the Board**  
**Sd/**  
**(Pradeep K. Srivastava)**  
**(Company Secretary & Compliance Officer)**



Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Third Annual Report of the Company together with Audited Accounts of the Company for the financial year ended 31st March 2015.

### 1. Financial Highlights

Details	Year ended 31.03.2015 INR in crores	Year ended 31.03.2014 INR in crores
Turnover	5269.17	4578.05
Profit before Interest, Depreciation, Extraordinary Items & Tax	329.56	276.03
Interest & Finance Charge	134.14	112.61
Depreciation	24.96	12.91
Profit Before Extraordinary Item & Tax	170.46	150.51
Extraordinary Items	—	—
Profit before Tax	170.46	150.51
Tax Expense	29.53	23.88
Profit after Tax	140.93	126.63

### 2. COMPANY PERFORMANCE

In a challenging environment for the industry, Your Company has performed successfully in Financial 2014-15 and we had another strong year ended with solid growth and solidified our leading position in the Dairy Industry. Your Company achieved a turnover of Rs. 5269.17 Crores for the year ended on March 31, 2015, registering a growth of 15.10% over the last year turnover of Rs. 4578.05 Crores. Profit before Tax at Rs. 170.46 Crores is 13.26% higher than that of last year of Rs. 150.51 Crores. Profit after Tax for the Financial Year 2014-2015 stood at Rs. 140.93 Crores as compared to Rs. 126.63 Crores in the previous year a growth of 11.29%. Our strong innovation capability has enabled us to access new growth opportunities and we further expect to see this high-margin business will contribute more meaningfully to our net profits and total revenues. The Company is also expanding its distribution capability to maintain its growth momentum.

### 3. DIVIDEND

Based on the performance of your Company, the Directors are pleased to recommend a final dividend of Rs. 0.10 per equity share of Rs. 1 each i.e 10%, which will be paid after your approval at the Annual General Meeting. The final dividend, if approved by the members of the Company would involve a cash outflow of Rs. 2.19 Crores (excluding dividend tax of Rs. 0.45 crores).

The dividend will be paid to members whose names appear on the company's register of members, after giving effect to all valid share transfers in physical form lodged with the Registrar and Transfer Agents (RTA) of the company on or before , and in respect of shares held in electronic form (demat mode), dividend will be paid to those "deemed members" whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on 24th September, 2015.

### 4. CHANGE IN NATURE OF BUSINESS

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

### 5. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

### 6. TRANSFER TO RESERVE

The Board of Directors of the Company has recommended a final dividend of Rs. 0.10 per equity share of Rs. 1 each for the financial year 2014-15. As the dividend is up to 10% of the paid up capital, there is no requirement to transfer any amount to the reserve under Companies (Transfer of Profit to Reserve) Rules, 1975.

### 7. WARRANTS AND ALLOTMENT OF SECURITIES:

Consequent upon receipt of the approval of the members at the Extraordinary General Meeting held on October 18, 2014 and the regulatory approvals to the extent required, your Company had allotted 3,10,88,082 Convertible Warrants @ Rs.48.25 each on preferential basis, convertible into one equity shares of the face value of Re 1/- each for every warrant, out of which 1,55,44,041 warrants are converted into 1,55,44,041 equity shares and received listing and trading approval from both the Stock Exchanges.



Further 1,55,44,041 Converted Warrants, 25% paid up, are still pending for conversion into equity shares. The amount received on allotment of warrants has been utilised towards ongoing growth plan of the company. The details of the Warrants allotted by the Board are given below :

Sr. No.	Name	Category	No. of Warrants Allotted	Date of Allotment
1.	M/s Pashupati Dairies Pvt. Ltd.	Non-promoter	1,55,44,041*	03-11-2014
2.	Mr. Sidhant Gupta	Non-promoter	51,81,347	03-11-2014
3.	Mrs. Sonika Gupta	Non-promoter	51,81,347	08-11-2014
4.	M/s Sidhaant & Sons (HUF)	Non-promoter	51,81,347	08-11-2014

\* 1,55,44,041 warrants are converted into 1,55,44,041 equity shares against Unsecured Loan amounting of Rs. 75 Crore on 24.01.2015.

## 8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

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

## 10. SIGNIFICANT DEVELOPMENTS

Your Company continues to perform better in the future, the processing facilities have been strengthened with new milk powder plant to manufacture novel dairy products, and has added vertically integrated units for manufacture of UHT Milk, Table Butter, sterilized sweetened flavoured milk and juices, a variety of ethnic products like Dahi, Chhach, Lassi, Paneer, and western dairy products that would include a wide range of cheese and yogurts.

The Company has already undertaken development and in-house testing of many variants of sterilized flavoured sweetened milk, UHT tetra packed variants of flavoured, sweetened and normal milk, table butter in tubs, cream in tetra packs, some variants of cheese and yogurts etc.

To secure wide spectrum of the market and the industry, the Company is in the process of re-evaluating and modernising the entire organisational structure. To establish our own critical success factors, the Company is scanning the economic, political and social factors that influence the industry in general and the Company in particular. Against the internal strengths and weaknesses the Company would evaluate the external threats and the available opportunities to secure a pinnacle stature. In the market the Company would like to gain better strength against the competition through a study of the entry barriers, new products, their substitutes, our stakeholder in the value chain such as the suppliers, the customers, and institutions. Best practices would be adopted to dominate the industry and the market.

## 11. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board of Directors formulated the Corporate Social Responsibility (CSR) Policy for your Company pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, on the recommendations of the CSR Committee. The CSR Policy outlines the CSR vision of your Company which is based on embedded tenets of trust, fairness and care. The initiatives undertaken by your Company during the financial year 2014-15 in CSR have been detailed in this Annual Report.

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

## 12. CREDIT RATING

During the year Brickwork Ratings upgrades long term ratings to 'BWR A+' and reaffirms short term ratings 'BWR A1' for Bank Loan facilities aggregating to Rs.1150 crores.

## 13. FUTURE OUTLOOK

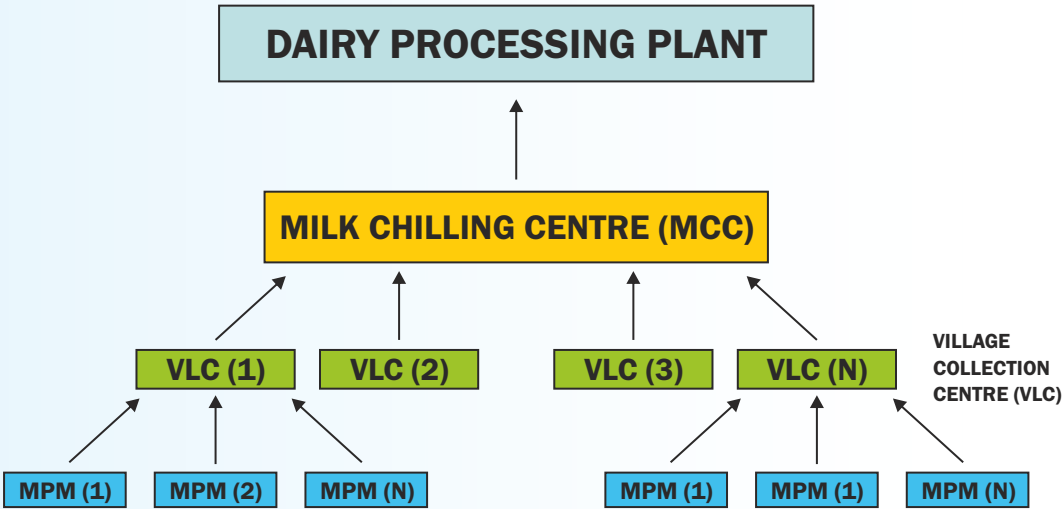
Future outlook of the Indian dairy sector is very encouraging. Milk production is growing at a consistent average rate of about 4% per annum. During 2014-15, milk production touched 147 million metric tonnes. The rate of growth in the GDP has transformed the consumer profile such that the consumption is growing for liquid milk as well as the value added dairy products. Total size of the dairy market during 2014 was estimated at Rs. 5 Lakh Crores and the market is growing at close to 15% annually. The consumer preference is growing for value added products. This is a good development for the dairy sector because the margins in the value added dairy products are much higher as compared to the processed liquid milk. It is keeping this fact in view that Kwality has created new facilities for new products. To increase procurement of milk through producer-based Village Collection Centres, your Company would be hiring more Milk Chilling Centers (MCC) in the states of Uttar Pradesh, Haryana and Rajasthan.

### Milk Procurement System

Livestock farming in India is a subsidiary occupation and is recognized as an instrument for social and economic development. Indian dairy is a classic example of production by masses rather than mass production. The nation's milk supply comes from millions of small producers, dispersed throughout the rural areas. Your Company is contributing substantially, particularly in the Northern India to improve the socio economic condition of the dairy animal holders by implementing a milk producer centric approach to procure milk. We have set up Village Level Collection Centres (VLCs) which are being managed by the Village Service Providers (VSPs). The functioning of the VLCs is monitored by the milk producers.



## OPERATION FLOW CHART



The company has established a fair and transparent system through installing Automatic Milk Collection Units (AMCUs) at the village level to determine the rate of milk on the basis of quality at the milk producer's door step. AMCU based milk procurement system ensures passing of maximum part of the declared rates to the milk producers. The better price realization is acting as a catalyst to work towards increasing the milk production and productivity. We have been able to reach out to around ample of villages & their families situated across the states of Haryana, Punjab, Rajasthan and Uttar Pradesh.

- Kwaliti Limited continues to strengthen the milk procurement and milk producer network to ensure that we increasingly procure high quality of raw milk directly from the milk producers.
- Continue to educate and train the milk producers to keep healthy and high producing milk cows and to encourage them to produce clean and good quality of milk.
- Continue to provide facilities for good quality cattle feeds, feed supplements, herbal and allopathic medicines and a trained team of veterinary doctors to provide timely advise for preventive and curative animal health, artificial insemination etc.

### New Products & Consumer Brands

With a gradual shift from B2B to B2C business, the Company is enhancing its product portfolio and transforming itself into a complete dairy products FMCG player. Going forward, your company is focused on launching of various new products catering to the increasing health needs of the Indian consumers. This includes launch of variants of flavoured milk for retail consumers, variants of cheese, drinking yoghurt, butter in tubs, cream in tetra packs etc.

## 14. EXPORTS AND OVERSEAS EXPANSION

Your company is emerged as one of the largest exporter of dairy products from India, exporting across continents like Asia, Africa & Australia and to more than 28 countries including Japan, UAE, Seychelles, Bangladesh, Sri Lanka , Jordan , Niger , Morocco etc.. Apart from exports from India, your company has established "Kwaliti Dairy Products-FZE, a wholly owned subsidiary in the free trade zone of UAE. This company is engaged in import of dairy products from various countries like Australia, New Zealand and Eastern European countries including Turkey, Ireland, Holland, Poland and Ukraine and selling products, both domestically and export to GCC, Middle East, Far East, Bangladesh, China, Thailand and Africa among others. In FY14-15 the exports of the company showed an increase of 189% at Rs 530.21 Crores in comparison to Rs 183.45 Crores of previous year. In the next fiscal year the Company is expecting to continue this growth in exports due to growing of International market.

**SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENTS**

Your Company has a wholly owned subsidiary under the name and style of “Kwality Dairy Products – FZE” in free trade zone of United Arab Emirates to increase its global foot print and to develop and cater to the new markets.

Your Company has prepared Consolidated Financial Statements in accordance with Section 129(3) of the Companies Act, 2013, Clause 32 of the listing agreement and Accounting Standard 21 and 23 of Companies (Accounting Standards) Rules 2006. The Audited Consolidated Financial Statements together with the Independent Auditor’s Report thereon are annexed and form part of this Annual Report. These consolidated financial statements provide all relevant financial information about the Company and its Wholly Owned Subsidiary.

In accordance with Section 136 of the Companies Act, 2013, the Audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of subsidiary, are available on our website [www.kdil.in](http://www.kdil.in). These documents will also be available for inspection during business hours at our registered office.

**15. AWARDS AND RECOGNITION**

During the year “Ayurved Knowledge Symposium” has awarded Dr. R. S. Khanna, Director with “Integrating Agriculture and Livestock for Sustainability”. He received this award on behalf of the Company on the hands of Late Dr. APJ Abdul Kalam, Former President of India. Further your company was selected as top Indian Company in Dun & Bradstreet Corporate Award 2014, under sector “Food & Agro Processing”.

**16. CASH FLOW STATEMENT**

In conformity with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended on 31st March, 2015 is attached as a part of the Annual Accounts of the Company.

**17. MANAGEMENT DISCUSSION AND ANALYSIS**

The management discussion and analysis of the Company for the year under review, as required under Clause 49 of the listing agreement with the stock exchanges, is given as a separate Section in Annual Report.

**18. KEY MANAGERIAL PERSONNELS (KMP):**

The Companies Act, 2013 introduced the new concept of Key Managerial Personnel (KMP) which includes the Managing Director, Chief Executive Officer or Manager, Whole Time Director, Company Secretary and Chief Financial Officer. The Key Managerial Personnel would guide the Board to achieve their defined objectives and purposes by adhering to good Corporate Governance practices. KMP would also be looked upon by the Regulators for the non-compliances.

**During the Financial Year, the Key Managerial Persons of the Company are:**

Name	Designation
Mr. Sanjay Dhingra	Chairman & Managing Director
Mr. Sidhant Gupta	Director
Mr. Sunit Shangle	Chief Financial Officer (CFO)
*Ms. Deepa Kapoor	Company Secretary

\*Ms. Deeepa Kapoor resigned from the position of Company Secretary and Compliance Officer of the Company with effect from 16th May, 2015

**19. DIRECTORS**

**INDUCTIONS**

During the year Ms. Pinky Singh has been Co-opted as Additional Director of the Company w.e.f. from 26th March, 2015 to hold the office upto this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intension to propose Ms. Pinky Singh (DIN: 5181540) as a candidate for the office of a director of the Company. The Board recommends the said resolution.

Further pursuant to the provisions of Sections 161, 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 Mr. Manjit Dahiya has been Co-opted as Additional Director and further as Whole-Time Director of the Company w.e.f. from 12th May, 2015 subject to the approval of the members at the ensuing Annual General Meeting.

**RE-APPOINTMENTS**

During the Financial Year 2014-15, the Board of your Company is constituted of five Directors comprising of Mr. Sanjay Dhingra, Chairman & Managing Director, Mr. Sidhant Gupta, Director, Mr. Arun Srivastava, Non-Executive Independent Director, Dr. Rattan Sagar Khanna, Non-Executive Independent Director and Ms. Pinky Singh, Non-Executive Independent Director.

As per the Companies Act, 2013 Mr. Sidhant Gupta, Director of Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board recommends his appointment/re-appointment. A resolution seeking your approval on this item is included in the Notice convening the Annual General Meeting.

**RESIGNATIONS**

In order to seek out the opportunities in international market, which may be directly or indirectly beneficial for Kwality Limited in future, Mr. Sidhant Gupta has tendered his resignation from the position of Whole-Time Director of the Company w.e.f 29th May, 2015 but will continue as Non-Executive Director of the Company.



## 20. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3) (c) of the Companies Act, 2013 with respect to Director Responsibility statement, and based on the representation received from operating management, the Directors hereby confirm:

- a) That in the preparation of the annual accounts for the period ended on March 31, 2015, the applicable accounting standards have been followed and there are no material departures;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year March 31, 2015 and the profit and loss of the company for that period;
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) That the directors had prepared the annual accounts for the period ended on 31st March, 2015 as on going concern basis;
- e) The directors have laid down internal financial controls, which are adequate and are operating effectively; and
- f) The directors had devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

## 21. DEPOSITS

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

## 22. HUMAN RESOURCE DEVELOPMENT

In order to maximize value for our stakeholders in today's dynamic environment, we have focused on anticipating the unknown, evolving new strategies by thinking out of the box, motivating people, developing their skills, promoting synergies and creating a cordial environment at the work place. We strive to achieve this by:

- Ensuring employees have a fair understanding of the essential business needs
- Providing them the skills, expertise, and knowledge needed to fulfill these needs
- Removing areas of ambiguity with respect to policy issues and expected outcomes
- Developing effective teams with good capabilities
- Encouraging employees to eliminate unnecessary costs and to seek innovative solutions

As part of the Expansion plans your Company is planning to massively increase its human resource strength in the current year.

In order to upgrade the knowledge & skills of the employees, 4 Effective Communication and 6 Team building Programmes were organized in which number of participants were more than 50 and 63 respectively.

## 23. FACILITIES & DISTRIBUTOR'S NETWORK

Your Company has various processing plants with a capacity to handle more than three million litres of milk per day. Currently company has six manufacturing units located at Palwal (Haryana), Bulandshahar (UP), Saharanpur (UP), Jarar (UP), Sitapur (UP) and Ajmer (Rajasthan). Further, Kwality has an extensive network of milk chilling center's situated across Rajasthan, UP, Punjab and Haryana for direct collection of milk from milk producers, besides established network of vendors to source quality milk one of the most important success factors in the industry. In FY14-15 company is expanding its existing unit at Palwal for manufacturing value added products.

The existing capacity of the company at Palwal is 21.60 Lakh Litres per Day, with the proposed expansion the capacity will increase to 29.10 Lakhs Litres per Day.

## 24. INTERNAL AUDIT & CONTROL SYSTEM

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly. These internal controls are supplemented by an extensive programme of internal audit carried out by reputed firms of Chartered Accountants. Your Company has an Audit Committee consisting of three Directors. The Audit Committee, Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. The Audit Committee, reviews the adequacy and effectiveness of internal control system and suggest improvement(s) if any. The Company has a robust Management Information System which is an integral part of the control mechanism.

## 25. BRANDS

Brands form the core of your Company's business and keeping them relevant and differentiated is the first priority of your Company. 2014-15 has been a year of consolidating and growing base brands and brands launched in the previous years. Concurrently, your Company has kept up the pace of differentiation by working and investing aggressively behind new consumer understanding, new technologies, advertising and activation programs and marketplace competitiveness. Your Company's pillar brands like "Dairy Best", "Kream Kountry", "Livlite" and "Meera" continued to drive growth for the Company by expanding both penetration and consumption in Indian homes."

Your Company will continue to invest in its brands and deliver growth through an emphasis on brand activation, anchored by new product launches. Going forward, your Company has set its focus on product innovation and development based on new opportunities for positioning our brands in the overall consumption repertoire of food products. This will pertain to both existing as well as new products and brands. Part of the innovation agenda will continue to address product and packaging enhancements both from a technical and aesthetic perspective. Consistent with the focus on brands as the drivers of profit for the Company and drivers of value for all stakeholders, your Company re-organised its structure and moved from geographies as profit centers to brands as profit centers.

## 26. QUALITY STANDARDS

Your Company over the years has been continually striving and excelling in its delivered quality standards, not only in its products and packs, but also in its operations by establishing various quality systems and processes at critical points of the Supply Chain. The thrust has been on ensuring that quality processes are utilized in various facets of the Supply Chain covering both existing and new processes such as Daily Quality Indexing, Food Safety Certifications, Quality Audits, Vendor Quality Improvement Program, Regulatory Processes, Training and New Product Quality tracking.

## 27. MANUFACTURING OPERATION

Your Company continues to focus attention on improvement in its manufacturing operations as well as delivering consistent quality products to consumers, every time, all the time. In this regard, a systematic approach by way of focused work groups to rapidly and definitively deliver the new formats has been put in place, while concurrently developing competencies to handle adjacent technologies. Concentration on cost minimization continues to be one of the key deliverables of the manufacturing system and in this regard, the appropriate exploitation of latest technologies like energy integration through new energy efficient ovens, on-line mixing etc. have been put in place in a few relevant units. This drive will continue in the forthcoming years to leverage Technology as a competitive edge.

Softa plant, Palwal continues to deliver a significant share of production and with investment in automation and mechanization, will continue to drive efficiencies.

Dairy Products throughput levels have undergone an increase by way of strategic expansions in existing units as well as creation of third party greenfield operations. The scale benefits are now being leveraged by way of enhancement of manufacturing technologies.

## 28. INFORMATION TECHNOLOGY

Your Company continues to invest in Information Technology (IT) to improve operational efficiencies and enhance productivity. Advances in new manufacturing process technology may allow the use of mostly dairy ingredients and small amount of fresh milk in the manufacture of dairy product.

Your Company continuously focuses to build powerful IT capabilities. Your Company is also implementing analytics in procurement to enable its procurement team to gain greater visibility and better forecast commodity price trends.

During the year, your company implemented the ERP solution which will not only help in standardization of the process but also motivated cross-functional team and senior management, the new system can supply the tools and the industry-proven best practices that will take your company to the next level of performance, longevity, information on real time basis and profit.

## 29. ENVIRONMENT, HEALTH AND SAFETY

The company's Environment, Health and Safety (EHS) policies provide the guiding principles that ensure high standards are achieved at all sites around the world and afford a means of promoting continuous improvement based on careful risk assessment and comprehensive EHS management systems. These policies are formally reviewed at regular intervals and during the year a major update commenced with the assistance of external consultants. This work will give greater emphasis to formal management systems, which bring a systematic improvement in performance. Employee information and training requirements and the designation of corporate targets and performance measures for the businesses have also been revised. Corporate policies provide a framework for all company businesses that are required to formulate site specific policies to meet local requirements.

As part of its overall safety initiatives, your Company has implemented several safety measures at all its offices, mainly in terms of:

- An Emergency Preparedness Plan at all the plant.
- Safety Audits as per National Building Code
- Installation of Safety and Security systems (Fire Alarms, Access Control and Surveillance Systems) at offices
- Firefighting mock drills in most locations.

Your Company is committed to being an environmentally responsible company and ensuring the health and safety of all its employees, contractors and visitors at the workplace.

## 30. RISK MANAGEMENT

The risk management process is continuously improved and adapted to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. This includes risk assessment and mitigation at the company level, business / functional unit level, relationship level and project level.

Further details form part of Corporate Governance Report.

## 31. AUDITORS

At the Annual General Meeting held on September 24, 2014 M/s P.P. Mukerjee & Associates, Chartered Accountants, were appointed as statutory auditors of the Company as to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2019. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for the ratification at every Annual General Meeting. Accordingly, the appointment of M/s P.P. Mukerjee & Associates, Chartered Accountants is placed at the AGM for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

## 32. SECRETARIAL AUDITOR

M/s. Mukun Vivek & Company, Company Secretaries, was appointed to conduct the secretarial audit of the Company for the financial year 2014-15, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for FY 2014-15 forms part of the Annual Report as Annexure 3 to the Board's Report.

**33. SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company’s operations in future.

**34. EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in the prescribed format MGT-9 is appended as Annexure 4 to the Board’s Report.

**35. LISTING**

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

**36. PARTICULARS OF EMPLOYEES**

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

During the year none of the employees are in receipt of remuneration of Rs.60 lakhs or more, or employed for the part of the year and in receipt of Rs.5 lakh or more a month, under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**37. POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION**

The Current policy is to have an appropriate mix of executive and non-executive directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2015, the Board consists of 5 members, two of whom are executive and 3 are Independent directors. The Board periodically evaluate the need for change in its composition and size.

The policy of the Company on director’s appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is appended as Annexure 6 to the Board’s report. We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration policy of the Company.

**38. DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**39. BOARD EVALUTION**

Clause 49 of the Listing Agreement mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Further Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report section in this Annual Report. The Board approved the evaluation results as collected by the Remuneration, Compensation and Nomination Committee.

**40. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the Financial Year 2014-15 the Board met Twelve times. The dates of the meetings are as under:

Date of Board Meetings					
30.05.2014	23.07.2014	12.08.2014	20.09.2014	15.10.2014	03.11.2014
08.11.2014	13.12.2014	24.01.2015	11.02.2015	04.03.2015	26.03.2015

**41. “KWALITY EMPLOYEE STOCK OPTION PLAN 2014” (“ESOP 2014”)**

With the Company’s rapid growth in the last few years, it has moved into next phase in its journey of growth and in this phase, the Company feels the need to attract talent at senior levels from across the globe. In order to help the Company do that, it has become necessary to offer a different kind of employee stock option plan which maximizes benefits for the employees/option holders.. Keeping in view this objective and to promote the culture of employee ownership in the Company, it introduced Employee Stock Options to the employees of the Company under an Employee Stock Option Plan named “Kwality Employee Stock Option Plan 2014” (“ESOP 2014”).

The Remuneration, Compensation and Nomination Committee has at its meeting held on 23rd July, 2015 granted 19,37,000 options to eligible employees under “Kwality Employees Stock Option Plan 2014”.



Following are the details:

Option Granted	Options Vested	Option Exercised	Total Number of Shares arising as a result of exercise of option	Options Lapsed	Exercise Price	Variation of terms of options	Money Realized by exercise of options	Total Number of Options in force
19,37,000	NIL	NIL	NIL	NIL	38	NIL	NIL	19,37,000

Employee wise details of options granted to:-

I. Key Managerial Personnel

S. No.	Employees Name	Grade	No. of Option
1.	Sanjay Dhingra	Chairman & Managing Director	NIL
2.	Manjit Dahiya	Whole Time Director	40,000
3.	Sunit Shangle	Chief Finance Officer	35,000
4.	Pradeep K. Srivastava	Company Secretary	15,000

- II. Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year-None
- III. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (exceeding outstanding warrants and conversions) of the company at the time of grant;-None

## 42. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information required under Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8 of the Companies (Accounts) Rules, 2014 is set out in an Annexure 7 to this report.

## 43. CORPORATE GOVERNANCE

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) form part of this Annual Report.

## 44. GREEN INITIATIVES

We started a sustainability initiative with the aim of going green and minimizing our impact on the environment and therefore the electronic copies of the Annual Report 2014-15 and Notice of the 23rd Annual General Meeting are sent to all members whose email address are registered with the company/Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2014-15 and Notice of the 23rd Annual General Meeting are sent in permitted mode. Members requiring hard copies can send a request to the company.

## 45. APPRECIATION

We would also like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Kwalty Limited. To them goes the credit for the Company's achievements.

We are very grateful to National Dairy Research Institute (NDRI) for providing us with invaluable support. National Dairy Research Institute (NDRI) had played a role in our growth and development.

Our Bankers, Insurers, Suppliers and Transport Contractors have been of great help to us in managing our growth and are our partners in success.

We acknowledge their contributions and commit ourselves to continue and strengthen this fruitful alliance in all times to come.

Your Directors take this opportunity to express their deep sense of gratitude to the Central and State Governments, customers, vendors and the society at large for their continual support.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For & on behalf of the Board of Directors

Sd/-

Sanjay Dhingra

Chairman & Managing Director

DIN: 00025376

Place: New Delhi

Date: 14.08.2015

# Annexures to The Director's Report

## ANNEXURE 1

### Form No. AOC-2

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

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

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

Name of Related Party and nature of Relationship	Nature of contracts/ Arrangement/ Transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Transaction Amount paid (in lac)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
Pashupati Dairies Private Limited	Job work	2 Months	Job work agreement executed on 1st April, 2012 for manufacturing of dairy products was extended for a period of 2 months	Growth & Expansion of the company	30.05.14	128.83	07.07.2014
Nature: Enterprise in which KMP have significant influence	Rent	5 years	The Contract is an arrangement for taking land, building, plant and machinery including the godown, belonging to Pashupati Dairies Private Limited	Growth & Expansion of the company	30.05.14	44.50	07.07.2014
	Royalty					9.00	

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

Name of Related Party and nature of Relationship	Nature of contracts/ Arrangement/ Transactions	Duration of the Contracts/ Arrangements/ Transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Transaction Amount paid (in lac)
Kwality Dairy Products FZE	Investment	NA	NA	1276.19
Nature: Subsidiary Company	Sales	NA	NA	130.17



## ANNEXURE 2

### Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

#### 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

##### CSR INITIATIVES

Kwality Limited's Corporate Social Responsibility (CSR) philosophy is holistic and integrated with the core business strategy for addressing social and environmental impacts of business. It addresses the well-being of all stakeholders. With a view to implement the CSR activities of the Company, Kwality Limited has registered a Trust, named as "Sahayogi Foundation". During the year 2014 – 15, the following activities were undertaken under the CSR Initiatives:

##### Productivity enhancement programme :

Your Company appreciates the efforts of the Government towards enhancing the productivity of the dairy animals so that the Indian dairy industry maintains competitive edge in the global market. However, this mission cannot be accomplished without the contribution of the private players of the industry. Keeping with the spirit, Your Company is implementing "Productivity enhancement programme" which includes the following activities:

##### a) Supply of feed and feed supplements

Kwality Limited provides balanced quality feed at the doorstep of the milk producers on no-profit, no-loss basis under the brand of "DAIRY BEST". We have institutional arrangement with Ayurvet Limited, S.P. Solvent Private Ltd & Surya Cattle feed for outsourcing feed processing as per the Company's feed formulation. During the year 2014–15, over 20,000 tonnes of cattle feed was supplied through various VLCs. Kwality Limited also arranges the supply of feed supplements such as mineral mixture, calcium, bypass fat, pro-biotic etc.

##### b) Clean Milk Production Campaign

In order to create awareness at the village level and procure good quality raw milk, Kwality Limited organised a campaign on "Clean Milk Production" in Baraut (Baghpat) and Dibai (Bulandshahar) areas. Under the programme, around 300 villages were covered in which more than 13,000 milk producer members participated.

##### c) Promotion of herbal solutions to the animal health problems

Kwality Limited appreciates the use of herbal medicines for ensuring better animal health. In order to promote herbal medicines, we have identified local resource persons called as "PASHU MITRAS" who get trained on basics of animal health particularly digestive, reproductive and udder related problems mainly mastitis. These "PASHU MITRAS" have been imparted training in collaboration with Ayurvet Limited and are successfully providing preventive and curative solutions to the dairy animals in their villages.

##### d) Animal Health Camps

With a view to create awareness about the curative and preventive measures related to infertility and mastitis, 75 animal health camps were organised across the project area in collaboration with Ayurvet Limited and Indian Immunologicals Limited (IIL).

Total 3985 cases were attended during these camps, out of which 34% cases were of deworming followed by infertility (33%) and mastitis (8%). The health camp team comprised of veterinarians from Kwality Limited and local veterinarians.

##### e) Calf Rally

Calf plays an important role in the development and profitability of the dairy enterprise as future of the dairy herd solely depends on the successful raising of the young calves. In order to create awareness about the importance of calf management and promote healthy calf rearing practices, 2 calf rallies were organised in the Meerapur area. 42 cow calves & 36 buffalo calves participated in the programme. The three best calves were declared the winners on the parameters of the scores of the breed characters namely body weight, face, eyes & skin.

##### Dugdh Utpadak Sangoshthi

Indian farmers have been rearing milch animals for their livelihood since ages. However, most of them are not able to harness the potential of the livestock due to low productivity which could be attributed to poor breeding, feeding, management, lack of awareness, lack of input services etc. With a view to empower the milk producers by creating awareness about the animal management practices, Varoius Dugdh Utpadak Sangoshthis were conducted during the Financial Year 2014-15.

#### 2) Promoting preventive health care

Health is an important indicator of development and still the health scenario in the rural areas is not satisfactory. Accessibility to quality health care facilities is a limitation. Kwality Limited believes in "health for all" and appreciates the need to address various health issues for various categories. In order to provide basic oral health check - up of the school children and impart oral health education and awareness, an "Oral Health Awareness Camp" was organised at Adarsh Vidyalaya, Naglakhepad, District-Mujjafarnagar in which 50 students from the primary section participated.



3) Capacity building

a) Farmer induction programme

Kwality Limited recognizes the milk producers as its major stakeholders and committed to work towards their inclusive growth. In order to further build the confidence of the milk producers, we organise farmer induction programmes regularly. The programme was designed to transfer advance technology from lab to land through progressive dairy farmers to make dairying a sustainable and profitable enterprise.

b) Ayurved Knowledge Symposium

Various Progressive dairy farmers from Meerapur area (Mujjafarnagar) participated in the two days “Ayurved Knowledge Symposium” organized in collaboration with Indian Council of Agricultural Research (ICAR) and Rajasthan University of Veterinary and Animal Sciences (RAJUVAS) on 8-9 October, 2014 in New Delhi. The theme for the programme was Integrating Agriculture and Livestock for Sustainability in the light of Hazards of Drugs and Chemical Residues on Food Safety and the Challenges of Climate Change. In the same programme, Dr R. S. Khanna, Director, Kwality Limited received an award from H.E. Late Dr A. P. J. Abdul Kalam, Former President of India for the contribution of Kwality Limited in the dairy sector.

c) Training programmes

Employees are a key determinant of an organization’s success. Maintaining a well-trained, well-qualified workforce is of paramount importance in achieving a competitive niche. In order to upgrade the knowledge & skills of the employees, a series of in-house and out bound training programmes were organised, which are as under:

Details of the programmes are as under:

S.No.	Training Programme	No. of programmes	No. of participants
1	Dairy animal health management	05	350
2	MCC Management	07	245
3	Standard Testing Procedures	05	125
4	Clean Milk Production	03	120
5	SHG Formation	03	150
6	VSP Orientation	03	145
7	Effective VLC Operations	03	140
8	Repair & Maintenance of AMCUs	04	100
	<b>TOTAL</b>	<b>33</b>	<b>1375</b>

4) Grameen Samvad Karyakram

In order to promote dairying as a sustainable source of livelihood and reach out to large no. of the dairy farmers, Kwality Limited has designed a programme “Grameen Samvad Karyakram” through the media of radio & T.V.

Radio and TV talks of the progressive milk producers and the professionals specialized in the field of Veterinary, Agriculture, and Dairy Science etc. were organised. The radio talks were broadcasted under “Goonje Swar Gaon Ke” and “Krishi Jagat” programmes. A batch of 20 milk producers & professionals from Kwality Limited participated in the “Krishi Darshan” programme of Doordarshan.

5) Promotion of dairy women entrepreneurs

Kwality Limited promotes women entrepreneurship and sponsors them to National Symposiums/Workshops to share their experiences and interact with the experts, bankers & successful entrepreneurs. 5 dairy women entrepreneurs participated in the Entrepreneurship Conferences organised by DMA & SIDBI.

The story of Bhawna Singh, Bheemi Village, Amethi (U.P) provides a snapshot of the impact of our approach:

मैं भावना सिंह अमेठी जिले के भीमी गांव में रहती हूँ और क्वालिटी डेयरी चलाती हूँ। हमारे यहां पहले भी डेयरियां चलती थी, परन्तु उससे किसानों को सन्तुष्ट करना, हमारे लिए कठिनाई का पात्र बन गया था क्योंकि गांव में शिक्षा की कमी थी जिसकी वजह से किसानों को कुछ भी समझ में नहीं आता था। धीरे-धीरे डेयरी बन्द होने की तरफ अग्रसर हो गयी और एक दिन ऐसा आया कि डेयरी बन्द करनी पड़ी। सभी किसानों को अपने जानवर बेचने पड़े। कुछ समय बाद हमारे यहां क्वालिटी लिमिटेड डेयरी का आगमन हुआ, जिससे उम्मीद की एक नई किरण दिखाई पड़ी और हमने उस किरण को एक प्रकाश कुज्ज बनाया। सारा सिस्टम मशीन से है, किसान का एक भी बूंद दूध बर्बाद नहीं होता है। किसानो को दूध का अच्छा रेट मिलने लगा, जिससे उनके चेहरे पर फिर से चमक आयी और वो हमारी क्वालिटी डेयरी से जुडने लगे। आज पुनः हम 100-150 ली0 दूध का उत्पादन करते है और लगभग 70 किसान हमारी डेयरी का हिस्सा बने हुए है। किसानों को दूध का मूल्य पहले 16-20 रु0 प्रति ली0 मिलता था परन्तु आज उन्हें 30-39 रु0 तक मूल्य मिलता है।

क्वालिटी डेयरी की तरफ से पशु आहार भी मिलता है और पशुओं के लिए विभिन्न प्रकार की दवाओं को प्रदान भी किया जाता है, जिसका किसानो को लाभ मिलता है और उनके पशुओं का स्वास्थ्य भी बना रहता है। इस डेयरी से सभी किसान बहुत ही खुश है। हम बहुत-बहुत धन्यवाद देना चाहेंगे, क्वालिटी लिमिटेड डेयरी का, और हम उम्मीद करते है कि क्वालिटी लिमिटेड डेयरी निरन्तर प्रगति की ओर अग्रसर रहे।



2. The Composition of the CSR Committee.

The Composition of the CSR Committee as on 31st March, 2015 is as follows:

Name of the Member	Nature of Directorship
Mr. Sanjay Dhingra	Chairman & Managing Director
Mr. Sidhant Gupta	*Executive Director
Mr. Rattan Sagar Khanna	Independent Director
Mr. Rajinder Singh	Member
Mr. Sunit Shangle	Member
Mrs. Pushplata Tripathi	Member

\*Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

3. Average net profit of the company for last three financial years: Rs. 11821.95 Lakh

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs. 236.44 Lakh

5. Details of CSR spent during the financial year:

- (a) Total amount spent for the financial year; Rs. 283.86 Lakh
- (b) Amount unspent, if any; NIL
- (c) Manner in which the amount spent during the financial year is detailed below.

CSR Projects/ Activities	Sector in which the project is covered	Location where project is undertaken: State (Local Area/ District)	Amount Outlay (Budget) Project /Programwise (Lakh)	Amount spent on the projects or programs (Lakh)		Cumulative Expenditure upto the reporting period(Lakh)	Amount spent: Direct or through implementing agency**
				1.Direct Expend- iture	2. Overheads*		
1) Supply of Balanced feeds	Productivity Enhancement	U. P. (245), Haryana (63)	276.82	276.82	---	276.82	Direct
2) Supply of feed supplement & medicines	— do —	U. P. (184), Haryana (47)					
3) Animal health camps	— do —	U. P. (35)					
4) Calf Rally	— do —	U. P. (2)					
5) Dugdh utpadak Sangoshthis	— do —	U. P. (108), Haryana (36) Rajasthan(36)					
6) Training	Capacity Building	U. P. (24), Haryana (3)	7.04	2.12	4.92	7.04	Direct
7) Loan Mela for Farmers	Livelihood Enhancement	U. P. (1)					

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.-N.A

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of your Company.

sd/-  
Sanjay Dhingra  
Chairman & Managing Director

Place : New Delhi  
Date :14.08.2015



**ANNEXURE 3**  
**SECRETARIAL AUDIT REPORT**

**For The Financial Year Ended On 31st March, 2015**

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Kwality Limited for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).
- (vi) OTHER APPLICABLE ACTS,
  - (a) Factories Act, 1948
  - (b) Payment of Wages Act, 1936, and rules made thereunder,
  - (c) The Minimum Wages Act, 1948, and rules made thereunder,
  - (d) Employees' State Insurance Act, 1948, and rules made thereunder,
  - (e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
  - (f) The Payment of Bonus Act, 1965, and rules made thereunder,
  - (g) Payment of Gratuity Act, 1972, and rules made thereunder,
  - (h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
  - (i) Food Safety and Standards Act, 2006, and rules made thereunder.

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

**We further report that,**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

Place: New Delhi

For Mukun Vivek & Company  
(Company Secretaries)

Date: 14.08.2015

Vivek Sinha  
(Partner)  
ACS No.: 16315  
C.P. No.: 5215  
Address: 28/51, West Patel Nagar,  
New Delhi-110008

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

**ANNEXURE A'**

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

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

Place: New Delhi

For Mukun Vivek & Company  
(Company Secretaries)

Date: 14.08.2015

Vivek Sinha  
(Partner)  
ACS No.: 16315  
C.P. No.: 5215  
Address: 28/51, West Patel Nagar,  
New Delhi-110008

**ANNEXURE 4****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31st March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

(i) CIN	L74899DL1992PLC255519
(ii) Registration Date	21st August, 1992
(iii) Name of the Company	Kwality Limited
(iv) Category / Sub-Category of the Company	Public Company
(v) Address of the Registered office and contact details	Address: F-82, Shivaji Place, Rajouri Garden, New Delhi-110027 Contact: 011-47006500
(vi) Whether listed company	Yes
(vii) Name of Stock Exchange	(i) Bombay Stock Exchange Limited (ii) National Stock Exchange of India Limited
(viii) Name, Address and Contact details of Registrar and Share Transfer Agents	Name: Beetal Financial & Computer Services Pvt. Ltd Address: Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110062 Contact: 011-29961281/82/83

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No	Name and Description of main products / services	NIC Code of the Product/service	%to total turnover of the company
1.	Manufacture of dairy products	1050	100%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S.NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1.	Kwality Dairy Products FZE	NA	Subsidiary	100%	2(87)

**IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)\*****(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	15,21,54,714	—	15,21,54,714	74.88	15,21,54,714	—	15,21,54,714	69.56	(5.32)
b) Central Govt.	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	—	—	—	—	—	—	—	—	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total (A) (1):-</b>	<b>15,21,54,714</b>	<b>—</b>	<b>15,21,54,714</b>	<b>74.88</b>	<b>15,21,54,714</b>	<b>—</b>	<b>15,21,54,714</b>	<b>69.56</b>	<b>(5.32)</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	—	—	—	—	—	—	—	—	—
b) Other –Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks/FI	—	—	—	—	—	—	—	—	—
e) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total (A) (2):-</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total shareholding of Promoter</b>									
<b>(A) = (A)(1)+(A)(2)</b>	<b>15,21,54,714</b>	<b>—</b>	<b>15,21,54,714</b>	<b>74.88</b>	<b>15,21,54,714</b>	<b>—</b>	<b>15,21,54,714</b>	<b>69.56</b>	<b>(5.32)</b>



<b>B. PUBLIC-SHAREHOLDING</b>									
<b>1. Institutions</b>	—	—	—	—	—	—	—	—	—
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	75,759	—	75,759	0.04	1,03,837	—	1,03,837	0.05	0.01
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	7,76,373	—	7,76,373	0.38	8,20,000	—	8,20,000	0.37	(0.01)
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
I) Others(specify)	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(1):-</b>	<b>8,52,132</b>	<b>—</b>	<b>8,52,132</b>	<b>0.42</b>	<b>9,23,837</b>	<b>—</b>	<b>9,23,837</b>	<b>0.42</b>	<b>0</b>
<b>NON- INSTITUTIONS</b>									
a) Bodies Corp.									
i) Indian	89,70,258	4,35,996	94,06,254	4.63	81,74,769	1,55,80,037	2,37,54,806	10.86	6.23
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,24,00,119	62,53,708	1,86,53,827	9.18	1,40,64,958	60,74,288	2,01,39,246	9.21	0.03
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2,07,31,556	5,70,000	2,13,01,556	10.48	1,89,08,917	9,25,000	1,98,33,917	9.07	(1.41)
c) Others (specify)									
i) NRI	2,37,097	—	2,37,097	0.12	6,26,733	—	6,26,733	0.29	0.17
ii) Hindu Undivided Family	3,84,263	—	3,84,263	0.19	6,20,109	—	6,20,109	0.28	0.09
iii) Clearing Members	1,95,591	—	1,95,591	0.10	1,26,113	—	1,26,113	0.06	(0.04)
iv) Trusts	1,000	—	1,000	0.00	5,51,000	—	5,51,000	0.25	0.25
<b>Sub-total (B)(2):-</b>	<b>42919884</b>	<b>7259704</b>	<b>5,01,79,588</b>	<b>24.70</b>	<b>4,30,72,599</b>	<b>2,25,79,325</b>	<b>6,56,51,924</b>	<b>30.01</b>	<b>5.94</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>43919887</b>	<b>7259704</b>	<b>5,10,31,720</b>	<b>25.12</b>	<b>4,39,96,436</b>	<b>2,25,79,325</b>	<b>6,65,75,761</b>	<b>30.44</b>	<b>5.32</b>
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>	<b>Not Applicable</b>								
<b>Grand Total (A+B+C)</b>	<b>203186434</b>	<b>7259704</b>	<b>195926730</b>	<b>100</b>	<b>19,61,51,150</b>	<b>2,25,79,325</b>	<b>21,87,30,475</b>	<b>100.00</b>	<b>—</b>

**(ii) Shareholding of Promoter**

Sr. No.	Shareholder's Name	No. of shares held at the beginning of the year (As on 1st April, 2014)			No. of shares held at the beginning of the year (As on 31st March, 2015)		
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered of total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered of total shares
<b>1.</b>	<b>Sanjay Dhingra*</b>	<b>15,21,54,714</b>	<b>74.88</b>	<b>6.57</b>	<b>15,21,54,714</b>	<b>69.56</b>	<b>27.27</b>

\* Change in shareholding % due to increase in Paid-up capital of the company.

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Shareholder's Name	Shareholding		Date*	Increase /(Decrease) in shareholding	Reason	Cumulative shareholding during the year (01.04.2014 to 31.03.2015)	
		Shares at the beginning (01.04.2014)/ end of the year (31.03.2015)	% of Total shares of the Company				No. of shares	% of Total shares of the Company
<b>1.</b>	<b>Sanjay Dhingra</b>	<b>152154714</b>	<b>74.88</b>	<b>01.04.2014</b>	<b>Nil</b>	<b>NA</b>	<b>152154714</b>	<b>69.56</b>
		<b>152154714</b>	<b>69.56</b>	<b>31.03.2015</b>				

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. NO.	Shareholders Name	Shareholding		Date*	Increase/ (Decrease) in shareholding	Reason	Cumulative shareholding during the year (01.04.2014 to 31.03.2015)	
		Shares at the beginning (01.04.2014)/ end of the year (31.03.2015)	% of Total shares of the Company				No. of shares	% of Total shares of the Company
1.	Pashupati Dairies Private Limited	0 15544041	0 7.11	01.04.2014 30.01.2015 31.03.2015	15544041	Allotment	15544041	7.11
2.	Ved Prakash Gupta	5711519 5831519	2.81 2.67	01.04.2014 25.04.2014 25.07.2014 31.03.2015	15000 105000	Transfer Transfer	5831519	2.67
3.	Jagjeet Singh	3018021 2114755	1.49 0.97	01.04.2014 09.05.2014 30.06.2014 18.07.2014 01.08.2014 08.08.2014 03.10.2014 10.10.2014 17.10.2014 14.11.2014 21.11.2014 28.11.2014 05.12.2014 19.12.2014 09.01.2015 16.01.2015 30.01.2015 27.02.2015 31.03.2015	20500 167309 (45000) 23042 70 80753 64375 9569 (17376) (127342) (88776) (2069) 23425 (14862) 12702 40414 (1050000)	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	2114755	0.97
4.	Promila Chandhoke	1989182 2077955	0.97 0.95	01.04.2014 11.04.2014 23.05.2014 30.05.2014 06.06.2014 30.06.2014 29.08.2014 05.09.2014 30.09.2014 13.03.2015 31.03.2015	51000 4 55700 105784 134653 24656 39585 (342609) 20000	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	2077955	0.95
5.	Amar Nath	1500000 2425000	0.74 1.10	01.04.2014 11.04.2014 27.02.2015 31.03.2015	850000 75000	Transfer Transfer	2425000	1.10
6.	Ninderjit Singh	1505335	0.74	01.04.2014 06.06.2014 30.06.2014	68512 75251	Transfer Transfer		







				09.01.2015 (20335) 16.01.2015 (35120) 23.01.2015 (25631) 30.01.2015 (6839) 13.02.2015 (5088) 20.02.2015 (29022) 27.02.2015 (29304) 06.03.2015 (9600) 31.03.2015	Transfer Transfer Transfer Transfer Transfer Transfer Transfer		
		109061	0.05			109061	0.05
12.	GATEWAY LEASING PRIVATE LIMITED	785000	0.38	01.04.2014 13.06.2014 (15000) 20.06.2014 (279500) 30.06.2014 (224614) 04.07.2014 (13098) 12.09.2014 (15245) 19.09.2014 (16000) 30.09.2014 (35000) 20.03.2015 (11000) 31.03.2015			
		175543	0.08			175543	0.08

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholder's Name	Shareholding		Date*	Increase/ (Decrease) in shareholding	Reason	Cumulative shareholding during the year (01.04.2014 to 31.03.2015)	
		Shares at the beginning (01.04.2014)/ end of the year (31.03.2015)	% of Total shares of the Company				No. of shares of the Company	% of Total shares
1.	Sanjay Dhingra	152154714  152154714	74.88  69.56	01.04.2014  31.03.2015	Nil	Due to increase in paid-up capital	152154714	69.56
2.	Sidhant Gupta	—	—	—	—	—	—	—
3.	Arun Srivastava	—	—	—	—	—	—	—
4.	Rattan Sagar Khanna	—	—	—	—	—	—	—
5.	Deepa Kapoor	—	—	—	—	—	—	—
6.	Sunit Shangle	—	—	—	—	—	—	—

\*During the period paid-up capital of the Company, has been increased due to conversion of 1,55,44,041 outstanding convertible warrants into Equity Share of the Company of the face value of Re 1/- each.

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	95994.94	11244.58	Nil	107239.52
ii. Interest due but not paid	101.64	Nil	Nil	101.64
iii. Interest accrued but not due	Nil	8.65	Nil	8.65
<b>Total (i+ii+iii)</b>	<b>96096.58</b>	<b>11253.23</b>	<b>Nil</b>	<b>107349.81</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	Nil	4318.61	Nil	4318.61
• Reduction	1756.21	Nil	Nil	1756.21
<b>Net Change</b>	<b>1756.21</b>	<b>4318.61</b>	<b>Nil</b>	<b>2562.40</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	94264.32	15519.1	Nil	109783.42
ii. Interest due but not paid	76.05	Nil	Nil	76.05
iii. Interest accrued but not due	Nil	52.74	Nil	52.74
<b>Total (i+ii+iii)</b>	<b>94340.37</b>	<b>15571.84</b>	<b>Nil</b>	<b>109912.21</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs)

Sr. no.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sanjay Dhingra (Managing Director) DIN: 00025376	Sidhant Gupta (Executive Director) DIN: 00555513	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	1,30,20,000	1,00,00,000	2,30,20,000
		Nil	Nil	Nil
		Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	1,30,20,000	1,00,00,000	2,30,20,000
	Ceiling as per the Act*	20,29,63,039.5	20,29,63,039.5	40,59,26,079

\* Remuneration paid to Managing Director & Executive Director is within the ceiling provided under section 197 of the Companies Act, 2013.

B. Remuneration to other directors:

**Independent Directors**

Name of Directors	Fees for attending Board/ Committee Meetings	Commission	Others	Total
Rattan Sagar Khanna	1,10,000	Nil	Nil	1,10,000
Arun Srivastava	1,10,000	Nil	Nil	1,10,000

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

S. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section17(3) Income-tax Act, 1961	6,98,857	24,03,050	31,01,907
		Nil	Nil	Nil
		Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - Others, specify...	Nil	Nil	Nil
5.	Others, please specify (allowances etc)	1,36,143	5,90,950	7,27,093
	Total	8,35,000	29,94,000	38,29,000

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

No penalties/punishment/compounding of offences were levied under Companies Act, 2013



## ANNEXURE - 5

### Information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**A. Ratio of remuneration of each Director to the median remuneration of all the employees of your Company for the financial year 2014-15 is as follows:**

Name of Director	Total Remuneration (Rs)	Ratio of remuneration of Director to the Median remuneration
Mr. Sanjay Dhingra	1,30,20,000	116.30
Mr. Sidhant Gupta	1,00,00,000	89.33

**Notes:**

1. The information provided above is on standalone basis.
2. The aforesaid details are calculated on the basis of remuneration for the financial year 2014-15.
3. Median remuneration of the Company for all its employees is Rs 1,11,943 for the Financial Year 2014-15.

**B. Ratio of percentage increase in the remuneration of each director and CFO & Company Secretary in the Financial Year 2014-15 are as follows:**

Name	Designation	Remuneration (in Rs)		Increase (%)
		2014-2015	2013-2014	
Mr. Sanjay Dhingra	Chairman & Managing Director	1,30,20,000	1,28,43,000	1.38
Mr. Sidhant Gupta	Director	1,00,00,000	1,00,00,000	NIL
Mr. Sunit Shangle	CFO	29,94,000	14,21,000*	38
Ms. Deepa Kapoor	Company Secretary	8,35,000	8,10,000	3

\*Mr. Sunit Shangle joined the company in August 2013, therefore the salary for the whole year i.e April 2013 to March 2014 is taken as base to calculate the Increase in remuneration.

**C. Percentage of increase in the median remuneration of all employees in the Financial Year 2014-15:**

Particulars	2014-15 (in Rs)	2013-14 (in Rs)	Increase (%)
Median Remuneration of all employees per annum	1,11,943	1,02,002	9.74

**D. Number of Permanent employees on the rolls of the company as on 31st March, 2015 are 720**

**E. Explanation on the relationship between average increase in remuneration and Company Performance:**

The increase of remuneration of all employees in the financial year 2014-15 as compared to the financial year 2013-14 is 25.82%.

The key indices of Company's Performance are:

Particulars	2014-15 (in lacs)	2013-14 (in lacs)	Growth (%)
Net Revenue from operations	526,917.10	457,804.78	15.09
Profit before tax and exceptional items	17,046.65	15,051.03	13.25
Profit after Tax	14,093.30	12,663.02	11.29

Your company is committed in ensuring fair play and a healthy work environment for all its employees. Your company offers competitive compensation to its employees. The pay also incorporates external factors like cost of living to maintain concurrence with the environment. Your company maintains a simple compensation structure which allows the employees to have flexibility in the way in which they realize their salaries. Internal equity is ensured by appropriate fitment at the time of the employee joining a particular cadre and grade. The fixed pay for an employee depends on his/her performance against the objectives set out for the year. The variable pay is paid out to the employee on the basis of the performance of your company and the corresponding business unit or function.

Thus there, will be a positive correlation in the increase in remuneration of employees and your Company's performance, however a perfect correlation will not be visible given the dependency on the other factors stated above.

**F. Comparison of the remuneration of the Key Managerial Personnel against the performance of your company:**

The remuneration of Key Managerial Personnel increased by around 14.12% in 2014-15, compared to 2013-14, whereas the Profit before Tax and exceptional items increased by 13.25% in 2014-15, compared to 2013-14.

**G. Details of Share Price and market capitalization**

The details of variation in the market capitalization and price earnings ratio as at the closing date of the current and previous financial years are as follows:

Particulars	As on 31st March, 2015	As on 31st March, 2014	Increase/Decrease (%)
Price Earnings Ratio	5.48:1	5.12:1	7.03
Market Capitalization (Cr)	821.33	648.16	26.72

**H. Comparison of average percentage increase in salary of employees other than the Key Managerial Personnel and percentage increase in the key managerial remuneration:**

Particulars	2014-15	2013-14	Increase (%)
Average salary of all employees (other than Key Managerial Personnel)	297374	182007	63.38
<b>Key Managerial Personnel</b>			
Salary of Mr. Sanjay Dhingra-Chairman & MD	1,30,20,000	1,28,43,000	1.38
Salary of Mr. Sidhant Gupta	1,00,00,000	1,00,00,000	NIL
Salary of Mr. Sunit Shangle-CFO	29,94,000	14,21,000*	38
Salary of Ms. Deepa Kapoor-Company Secretary	8,35,000	8,10,000	3

\*Mr. Sunit Shangle joined the company in August 2013, therefore the salary for the whole year i.e April 2013 to March 2014 is taken as base to calculate the Increase in remuneration.

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

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

Detailed Policy of Remuneration, Compensation and Nomination Committee forms part of Corporate Governance report.

**J. There are no employees of the Company who receive remuneration in excess of the highest paid Director of the Company.**

**K. Affirmation:**

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Director, Key Managerial Personnel and senior management is as per the Remuneration Policy of your Company.

## **ANNEXURE 6**

### **NOMINATION AND REMUNERATION POLICY**

Our policy on the appointment and remuneration of Directors and Key Managerial Personnel provides a framework based on which our human resources management aligns their recruitment plans for the strategic growth of the Company. The nomination and remuneration policy is provided herewith pursuant to Section 178(4) of the Companies Act and Clause 49 of the listing agreement. The Policy is also available on our website [www.kdil.in](http://www.kdil.in)

#### **INTRODUCTION**

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of directors and Key Managerial personnel (KMP's) has been formulated in terms of the provisions of the Companies Act, 2013 and the Listing Agreement to pay equitable remuneration to the directors and KMPs of the company and to harmonize the aspirations of human resources consistent with the goals of the company.

#### **Objective and purpose of the policy**

The objectives and purpose of this policy are:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive/ non-executive) and recommend to the Board policies relating to the remuneration of the directors and KMPs. To address the following items: committee member qualifications, committee member appointment and removal; committee structure and operations; and committee reporting to the Board.
- To formulate the criteria for evaluation of performance of all the directors on the Board;
- To devise a policy on Board diversity; and
- To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goal.

#### **Constitution of the Remuneration, Compensation and Nomination Committee**

The Board has constituted the Remuneration, Compensation and Nomination Committee of the Board. This is in line with the requirements under the Companies Act, 2013 ('the Act').

The Board has authority to reconstitute this committee from time to time.

#### **Definitions**

'**The Board**' means Board of Directors of the Company.

'**Directors**' means Directors of the Company.

'**The Committee**' means means the Remuneration, Compensation and Nomination Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable listing agreements and/or regulations.

'**The Company**' means Kwaliti Limited.

'**Independent Director**' means a director referred to in Section 149(6) of the Companies Act, 2013 and rules.

'**Key Managerial Personnel (KMP)**' means:

- i. the Chief Executive Officer or the Managing Director or Manager
- ii. the Company Secretary
- iii. the Whole-Time Director
- iv. the Chief Financial Officer
- v. such other officer as may be prescribed

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### **General**

This Policy is divided into three parts:

Part - A covers the matters to be dealt with and recommended by the committee to the Board;

Part - B covers the appointment and nomination; and

Part - C covers remuneration and perquisites etc.

#### **Part - A**

Matters to be dealt with, perused and recommended to the Board by the Remuneration, Compensation and Nomination Committee

The following matters shall be dealt with by the committee:

##### **Size and composition of the Board**

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole.

##### **Directors**

Formulate the criteria determining qualifications, positive attributes and independence of a director and recommending candidates to the Board, when circumstances warrant the appointment of a new director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board.



**Succession plans**

Establishing and reviewing Board and senior executive succession plans to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and KMP's.

**Evaluation of performance**

Make recommendations to the Board on appropriate performance criteria for the directors.

Formulate the criteria and framework for evaluation of performance of every director on the Board of the Company.

**Board diversity**

The committee is to assist the Board in ensuring that diversity of gender, thought, experience, knowledge and perspective is maintained in the Board nomination process, in accordance with the Board Diversity Policy.

**Remuneration framework and policies**

The committee is responsible for reviewing and making recommendations to the Board on:

- (a) the remuneration of the managing director, whole-time directors and KMPs;
- (b) the total level of remuneration of non-executive directors and for individual remuneration for non-executive directors, including any additional fees payable for membership of Board committees;
- (c) the remuneration policies for all employees including KMPs, includes base pay, incentive payments, equity awards, retirement rights and service contracts, having regard to the need to:
  - (i) attract and motivate talent to pursue the Company's long-term growth;
  - (ii) demonstrate a clear relationship between executive compensation and performance; and
  - (iii) be reasonable and fair, having regard to the best governance practices and legal requirements.
- (d) the Company's equity-based incentive schemes, including a consideration of performance thresholds and regulatory and market requirements;
- (e) the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and
- (f) the Company's remuneration reporting in the financial statements and remuneration report.

**PART - B**

Policy for the appointment and removal of directors, and KMPs.

**Appointment criteria and qualifications**

The criteria for the appointment of directors, and KMPs are as follows:

- The committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director and KMP and recommend to the Board his/ her appointment.
- A person to be appointed as director and KMP should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- A person, to be appointed as director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / area relevant to the Company, ability to contribute to the Company's growth, and complementary skills in relation to the other Board members.

**Term/ Tenure****Managing Director / Whole-Time Director**

The Company shall appoint or re-appoint any person as its managing director and CEO or whole-time director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

**Independent Director**

An independent director shall hold office for a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiry of three years of ceasing to become an independent director. Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an independent director for five years or more in the Company as on April 1, 2014 or such other date as may be determined by the committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of five years only.

At the time of appointment of an independent director, it should be ensured that the number of Boards on which such independent director serves is restricted to seven listed companies as an independent director and three listed companies as an independent director in case such person is serving as a whole-time (executive) director of a listed company.

**Removal**

Due to any of the reasons for disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the committee may recommend to the Board with reasons recorded in writing the removal of a director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

**Retirement**

The whole-time directors and KMP shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the whole-time directors and KMP in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

## **PART - C**

Policy relating to the remuneration of directors and KMPs.

### **General**

- The remuneration / compensation / commission to directors will be determined by the committee and recommended to the Board for approval.
- The remuneration and commission to be paid to the managing director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
- Increments to the existing remuneration / compensation structure may be recommended by the committee to the Board which should be within the limits approved by the shareholders in the case of managing director.
- Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### **Remuneration of KMPs**

Policy on the remuneration of KMPs:

The KMP of the Company shall be paid monthly remuneration as per the Company's HR policies and/or as may be approved by the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be as per the Company's HR policies.

This Remuneration Policy shall apply to all future/continuing employment/engagement(s) with the Company. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Committee and Board meeting minutes.

### **Minimum remuneration to Managing Director/ Whole Time Director**

The Managing Director/Whole-time Director shall be eligible for remuneration as may be approved by the Shareholders of the Company on the recommendation of the Committee and the Board of Directors. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required.

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/Whole Time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 or, if it is not able to comply with such provisions, with the approval of the Central Government.

### **Remuneration to non-executive / Independent Directors**

#### **Remuneration**

The Non-executive and independent directors are entitled for sitting fee for attending each meeting of the Board which can be revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.

#### **Stock options**

Independent directors shall not be entitled to any stock option of the Company.

#### **Policy review**

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and requirements of Clause 49 of the Listing Agreement with the stock exchanges.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulation which makes any of the provisions in the policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the policy, and the provisions in the policy would be modified in due course to make it consistent with the law.

This policy shall be reviewed by the Remuneration, Compensation and Nomination Committee as and when changes need to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the committee. Any change or modification in the policy as recommended by the committee would be given for approval to the Board.

## **ANNEXURE 7**

INFORMATION AS PER SECTION 134 READ WITH COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED MARCH 31, 2015

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

### **CONSERVATION OF ENERGY**

#### **Power & Fuel Consumption**

<b>(a) Electricity</b>	<b>2014-15</b>	<b>2013-14</b>
Purchased		
Units	95,67,754	59,36,645
Total Amount (Rs.)	<b>6,99,38,550</b>	<b>4,67,81,559</b>
Rate Per Unit (Rs.)	7.31	7.88
<b>(b) Fuels</b> (Diesel, FO, Burada, Husks & Turi)		
Quantity (ltrs/Kgs)	1,81,80,840	1,64,99,774
Total Amount (Rs.)	14,77,90,129	14,03,41,352
Rate per Unit (Rs.)	8.13	8.51

### **TECHNOLOGY ABSORPTION**

#### **R & D / PRODUCT DEVELOPMENT**

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

#### **Specific Areas in which R & D / Product Development have been undertaken:**

- Processing of Fresh Raw Milk.
- Nutrification of milk with appropriate nutrients.
- Improvement of Shelf life of Dairy products.
- Tamper Proof Packaging of Products.
- Development of desi ghee "LivLite" brand containing 85% less cholesterol as compared to the normal ghee marketed across the world.
- Consumer acceptance of new Dairy products.

#### **Benefit Derived**

- Enhanced shelf Life of the Products.
- Nutritious and Superior Products have allowed Company to expand its market share.
- Creation of a niche market for low cholesterol ghee.

#### **Future plan of action**

- Invent and develop new present age nutritionally-balanced healthy products.
- Foraying in the nutraceuticals market.

### **FOREIGN EXCHANGE EARNINGS & OUTGO:**

INR in crores

<b>Total Foreign Exchange Earned And Used:</b>	<b>2014-15</b>	<b>2013-14</b>
(I) Earnings	530.21	183.45
(ii) Expenditure*	515.86	73.46

\*Foreign Exchange Expenditure incurred on capital goods, raw material, professional fees, capital investments in subsidiary, loan to subsidiary, foreign tour and travel and miscellaneous expenses.

For & on behalf of the Board of Directors

Place: New Delhi  
Date: 14.08.2015

Sd/-  
Sanjay Dhingra  
Chairman & Managing Director  
DIN: 00025376



Management Discussion & Analysis

Management Discussion and Analysis detailing the company's objectives and expectations is a “forward looking statement” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or impaired depending upon global and Indian demand, supply conditions, changes in government regulations, tax regimes, economic developments within India and overseas.

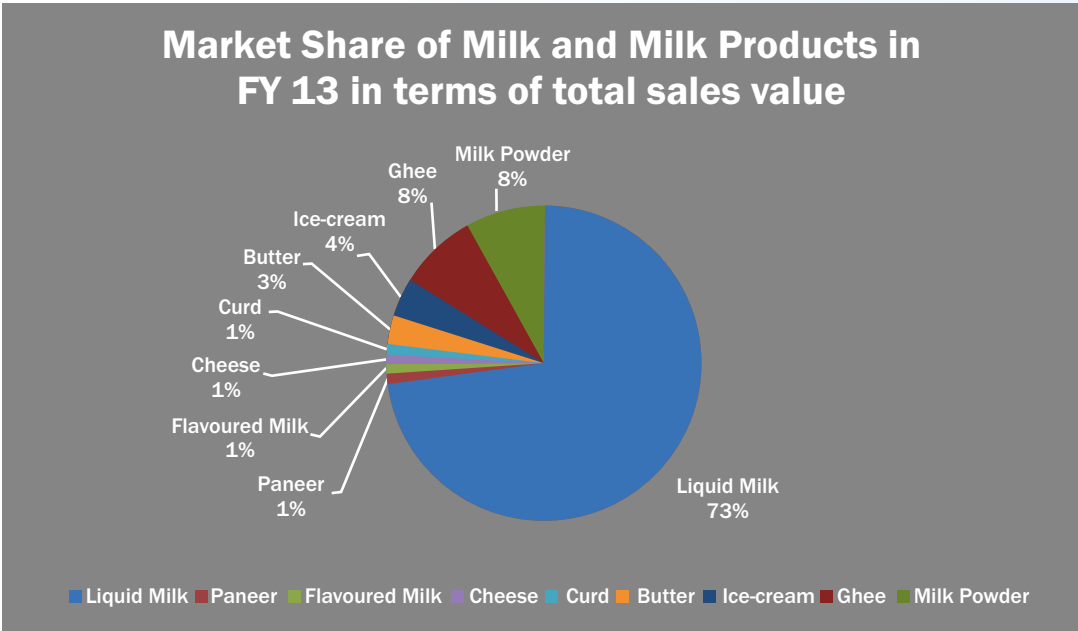
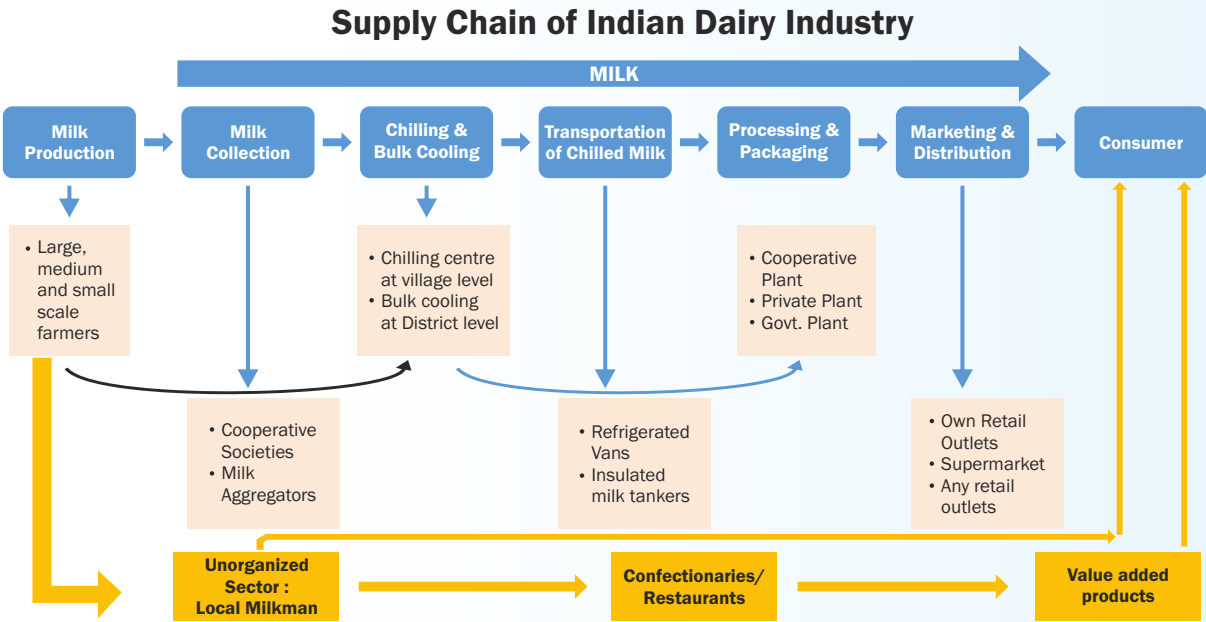
Outlook-Structure & Development of Indian Dairy

The Company started with an object to provide high quality food and milk products to its consumers by reducing the gap between the farmers and/or milk producer and consumers through effective chain management system. The idea is to provide assistance to farmers and milk producers and providing them financial, technical, administrative and other necessary assistance and support to the rural population in the field of Animal Productivity enhancement by Health coverage and augmenting ancillary supporting activities like improved agricultural inputs aimed at making animal raising and Dairying a profitable profession and development thereon and further to provide grants, subsidies and cost free technical knowhow to rural population in the form of the services of the technical personals, utility equipment's, infrastructures, medicines, Vaccines, Nutritional supplements, Cattle welfare activities and development of other utility services etc.

The Company believes that product innovation is essential in order to cater to the emerging needs of Indian consumers and also to create a vibrant portfolio for the future.

Rising consumption coupled with better margins in the value added dairy products (VADPs) are driving the dairy players to get into the growth and higher profitable trajectory. Change in demographics and rapid urbanization have resulted into manifold surge in the demand for VADPs.

Milk products such as Curd, Tetra Pack Milk, Sweet Lassi, Chaach, Low Cholestraol Livlite Ghee, Pure Ghee, Cow Ghee, Dairy Cremer, Milk Powder etc are largely home products and are available under the brand name “Dairy Best”.



Quality & Food Safety policy

Company’s lays top priority on sourcing & quality control of input materials to ensure the highest standards of quality, hygiene & product safety. It is committed to deliver products which meet all regulatory, industrial, consumer Quality and Food safety requirements to our valued consumers. Our systems are designed to have process monitoring and controls at each stage of food chain towards Continual Improvements. We, assure that our valued consumers are satisfied, each time they experience our product.

We believe that to eventually emerge as a World Leader the key necessity is to focus on quality improvement and broad basing of products range and Kwaliti Limited strives continuously to achieve the target as eating nutritious food, incorporating physical activities is the key to maintain healthy lifestyle.

The company is being an ISO 22000:2005, HACCP-IS: 15000 and Agmark approved company. To produce high-quality international standard milk and dairy products, quality standards for Food Safety is based on Codex Standards for Hazard Analysis and Critical Control Points (HACCP) to ensure safe and quality products for consumers. These control programs are aimed at avoiding abnormal and unsafe milk and dairy products entering into food channels for human consumption.

Segment Wise /product Wise Reporting

The Company is engaged in the dairy business with a wide range of milk products. The detail of Company’s product segment is as:

Segment Snapshot

Segment	Fat Based Products	Milk Powder	Milk	Curd	Others
Products	<ul style="list-style-type: none"><li>• Pure Ghee</li><li>• Pure Cow Ghee</li><li>• Low Cholesterol Ghee</li><li>• Butter</li></ul>	<ul style="list-style-type: none"><li>• Skimmed Milk Powder</li><li>• Whole Milk Powder</li><li>• Dairy Whitener</li></ul>	<ul style="list-style-type: none"><li>• Full Cream Milk</li><li>• Skimmed Milk</li><li>• Pouched Milk</li></ul>	<ul style="list-style-type: none"><li>• Pouched curd</li><li>• Set curd</li></ul>	<ul style="list-style-type: none"><li>• Job work</li><li>• Cottage Cheeses</li></ul>
End Customers	<ul style="list-style-type: none"><li>• Mainly B2C to end consumers</li><li>• Low Cholesterol Ghee to premium segment</li></ul>	<ul style="list-style-type: none"><li>• B2B to institutions e.g. ITC, Coffee Day</li></ul>	<ul style="list-style-type: none"><li>• Mainly B2B</li><li>• B2C</li></ul>	<ul style="list-style-type: none"><li>• B2B</li><li>• B2C</li></ul>	<ul style="list-style-type: none"><li>• Large Institutions</li></ul>
Demand Drivers	<ul style="list-style-type: none"><li>• Economic growth and poverty alleviation leading to increased share of dairy product spend in household income</li><li>• Urban population fast shifting to packaged food products</li><li>• Increasing literacy levels raising awareness about health benefits</li><li>• Increase in organized retail penetration</li></ul>				
Key Brands	<ul style="list-style-type: none"><li>• Dairy Best</li><li>• Good-Health</li><li>• Kream-Kountry</li><li>• LivLite</li></ul>				

Business Description

Product Portfolio	Segment	Ghee/Fat	Milk Powder	Milk	Curd
<ul style="list-style-type: none"><li>• Kwaliti Limited produces a range of quality milk and milk products</li><li>• The Company is transforming itself into a complete dairy products FMCG player</li><li>• In the last fiscal, the Company rebranded itself and has launched new products targeting the retail consumers viz. consumer packs for Pure Ghee, Pure Cow Ghee, Low Cholesterol Ghee, Pouched milk, pouched curd</li><li>• Going forward, Kwaliti Limited plans to introduce several other premium products to offer an entire range of dairy products</li></ul>	<b>Key Products</b>	<ul style="list-style-type: none"><li>• Pure Ghee</li><li>• Pure Cow Ghee</li><li>• Low Cholesterol Ghee</li><li>• Butter</li></ul>	<ul style="list-style-type: none"><li>• Skimmed Milk Powder</li><li>• Whole Milk Powder</li><li>• Dairy Whitener</li></ul>	<ul style="list-style-type: none"><li>• Full Cream Milk</li><li>• Skimmed Milk</li><li>• Pouched Milk</li></ul>	<ul style="list-style-type: none"><li>• Set Curd</li><li>• Pouched Curd</li></ul>

Product Portfolio

1. Fat Based Products (Fat/Butter/Cream/Ghee)

1.1 Pure Ghee

- Dairy Best Pure Ghee is produced from fresh milk under hygienic conditions, using modern automated process
- Dairy Best Pure Ghee has the “AGMARK” certification from the Ministry of Agriculture, Government of India
- The ghee is sold through multiple sales channels to both retail and institutional customers

1.2 Pure Cow Ghee

- Kwaliti’s 100% Pure Cow Ghee is a high value product manufactured exclusively from fresh cow’s milk
- The texture of the ghee is granular and is similar to the traditional home-made ghee
- Cow Ghee is sold under Dairy Best brand and sold to retail customers

1.3 Low Cholesterol Ghee

- The Company recently launched a Low Cholesterol Pure Ghee, Livlite, which contains 85% less cholesterol
- ‘Livlite’ has been licensed by National Research and Development Corporation (NRDC) to the Company for 10 years (5 years exclusive)
- Shelf life of 12 months
- The Company has launched aggressive marketing campaigns to position Livlite as a premium FMCG product

2. Milk Powders

- Manufactures Whole Milk Powder (‘WMP’), Skimmed Milk Powder (‘SMP’), Dairy Creamer (‘DC’), Dairy Whitener (‘DW’) by segregating the SNF (Solids, Not Fat) from the liquid milk
- These products are used for making biscuits, ice creams, sweets and other milk based products
- Mainly sold to institutional customers under multiple brands like Good-Health, Kream-Kountry and Dairy Best

3. Curd

- Manufactures both set curd and pouched curd
- Sold to both dealers/ distributors and retailers

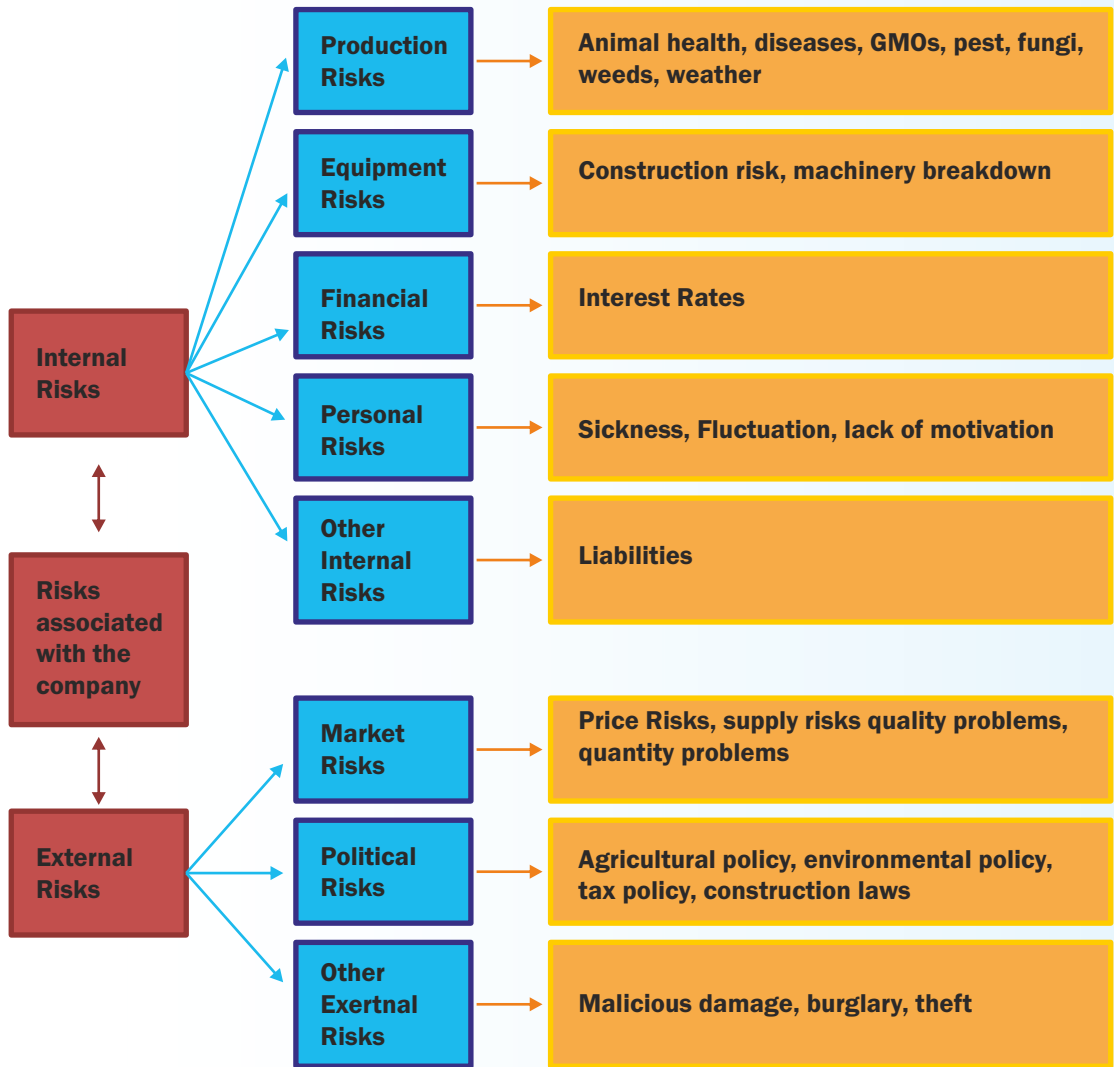
The product is marketed in 1kg, 2kg, 5kg & 15kg matkas, 500gm, 1kg pouches and 80gm, 200gm & 400gm cups.

4. Milk

- Derives 74.24% of its revenues by selling milk in various forms – full cream milk, Skimmed Milk, Toned Milk, Double Toned Pasteurized Milk
- After extracting the fat content from the full fat milk to produce pure ghee, the Company either manufactures Skimmed Milk Powder from the remaining skimmed milk or sells the skimmed milk as it is depending on market demand
- As milk is a perishable product, the sale of skimmed milk is significantly dependent on the immediate market demand for both skimmed milk and Skimmed Milk Powder

Risk and concerns

Agricultural risks are categorized into those which can be influenced by farmers (internal risks) and those outside the reach of farmer’s influence (external risks). The sources of internal risks, like production, equipment and financial risks, are located primarily within the farm and, therefore, can often be managed through internal measures, such as improved hygiene or financial management. External risks, which include market and political risks, are rooted in a farm’s environment so that the management has little if any control over the incident rates of these risk.

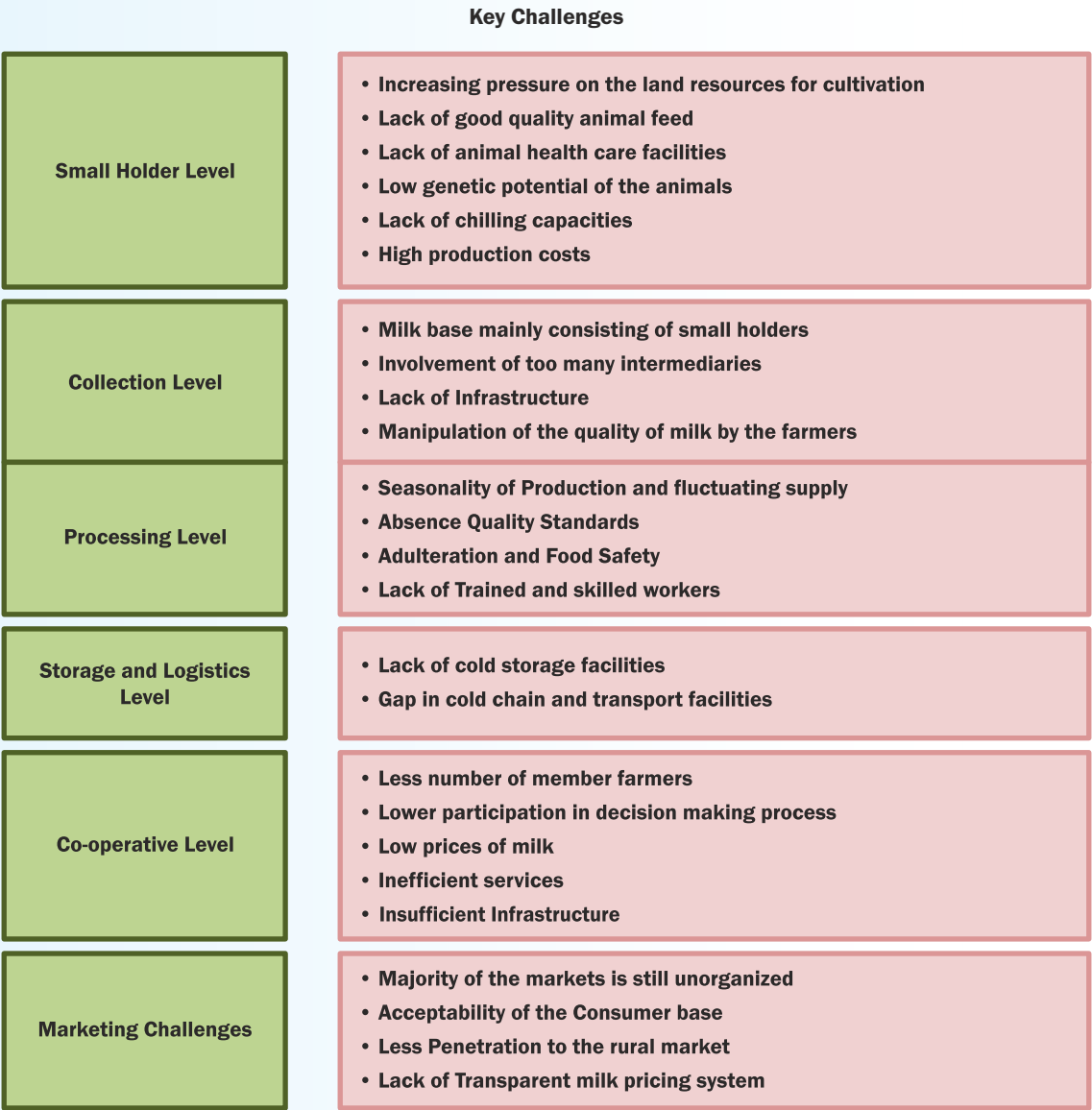




However, Risk management strategies are implemented in the company to identify risks in our organization to respond to those risks in an appropriate way. The risk management process consists of four consecutive steps:

1. Identification of risks
2. Assessment of risks
3. Management of risks
4. Control of risks

In the risk management phase following the risk analysis, strategies and measures are chosen for coping with the risks that have been identified and assessed.



Growth Factors

- Population Growth
- Economic Growth: Indian Economy is the second fastest growing economy in the world after china
- Rapid Urbanization
- Technical Innovation in milk products processing
- The fast changing food habits
- Increased use of fast foods, modified foods and instant foods
- Health food is a sunrise industry in India
- The demand of Value added milk products viz. cheese, dahi, (Indian Yoghurt) is increasing at a double digit rate



Adequacy of Internal Control System

Your Company has evolved a system of internal controls to ensure that the assets are safeguarded and transactions are authorised, recorded and correctly reported. The internal control system is supplemented by management reviews and independent periodical reviews by the outside chartered accountancy firms which evaluate the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness. The scope of internal audit covers a wide variety of operational methods and, as a minimum, ensures compliance with specified standards with regard to availability and suitability of policies and procedures, extent of adherence, reliability of management information system and authorization procedures including steps for safeguarding of assets. The reports of internal audit are placed before the Audit Committee of the Directors. Audit Committee reviews such audit findings and the adequacy of internal control systems. The Statutory Auditors and the Internal Auditors of the Company also interact with the Audit Committee to share their findings and the status of corrective actions under implementation.

## 1. Corporate Governance :

Good Corporate Governance is about ensuring that companies are managed as efficiently as possible in the interest of shareholders.

Kwality Limited Corporate Governance system is a key tool for achieving an efficient management of the group, while providing an effective system to monitor the Company's activities, consistent with the objectives of creating value for the shareholders and protecting the interests of all stakeholders.

Effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last.

Kwality Limited choose to adopt a governance system inspired by the principles of integrity and transparency, consistent with statutory requirements and the relevant rules and regulations, and in line with the recommendations of the Corporate Governance Code for listed companies. The upgrades made to the Group's governance in recent months are indicative of the commitment of the new Board of Directors to bring the group in line with best practices.

Recently, the Securities and Exchange Board of India (SEBI) sought to amend the equity listing agreement to bring in additional corporate governance norms for listed entities. These norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders.

Many of the amendments are effective from October 1, 2014. The amended rules require companies to get shareholders' approval for related party transactions, establish whistleblower mechanisms, elaborate disclosures on pay packages and have at least one woman director on their boards.

The amended norms are aligned with the provisions of the Companies Act, 2013, and is aimed to encourage companies to 'adopt best practices on corporate governance'.

## 2. Board of Directors:-

The Board of Directors is the governing body of the Company and holds the ultimate responsibility for the success or failure of the Company. The Board formulate the strategies to be followed to be successful in achieving the goals and objectives of the Company.

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

The Board of Directors possess the requisite qualification, knowledge and experience which enables them to provide effective leadership to the business. The Board is at the core of the corporate governance practice and oversees how the management serves and protects the long term interest of all the stakeholders.

### Composition of the Board:

The Composition of Board of Directors is in conformity with clause 49 of the Listing Agreement, and Companies Act, 2013 which stipulates that Board of Directors shall have an optimum combination of Executive and Non-Executive Directors with atleast one women director and not less than fifty percent of the Board of Directors comprising non-executive directors and such other requirements to comply with various laws from time to time.

As on 31st March, 2015 the Board comprised of 5 (Five) Directors. Out of these, two are Executive Director, including the Chairman & Managing Director and three are Non- Executive & Independent Directors.

All the Directors possess the requisite qualification and experience in Management, finance, banking and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company.

The name and categories of the directors on the Board, their attendance at the board meeting held during the year, attendance at the last Annual General Meeting of the members of the company, the number of directorship and committee chairmanship/membership held by them in other companies is given below:

### I. Composition and categories of Board of Directors as on 31st March, 2015

Name of the Director	Category	Designation
Mr. Sanjay Dhingra	Executive Director	Chairman & Managing Director
Mr. Sidhant Gupta	*Executive Director	Whole-Time Director
Mr. Arun Srivastava	Non-Executive-Independent Director	Director
Dr. Rattan Sagar Khanna	Non-Executive-Independent Director	Director
Ms. Pinky Singh	Non-Executive-Independent Director	Additional Director

\* Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Clause 49 of the Listing Agreement, across all the companies in which he is a director. The Directors have made the necessary disclosures regarding Committee positions.

**II. Attendance of Each Director at the Board Meetings and the Previous Annual General Meeting**

Name of the Director	No. of Board Meeting		Attendance at the previous AGM held on 24.09.2014
	Held	Attended	
Mr. Sanjay Dhingra	12	12	Yes
Mr. Sidhant Gupta	12	10	Yes
Mr. Arun Srivastava	12	11	Yes
Dr. Rattan Sagar Khanna	12	11	Yes
Ms. Pinky Singh	0	0	No

**III. Number of Board/Committees of which a Director is a member or chairman as on 31st March, 2015**

Name of the Director	No. of Directorship held in other Companies	Number of Committee Memberships held in other public companies
Mr. Sanjay Dhingra	1	Nil
Mr. Sidhant Gupta	Nil	Nil
Mr. Arun Srivastava	1	Nil
Dr. Rattan Sagar Khanna	Nil	Nil
Ms. Pinky Singh	Nil	Nil

**IV. Date of the Meetings of the Board of Directors**

During the Financial Year 2014-15 the Board met Twelve times. The dates of the meetings are as under:

Date of Board Meetings			
30.05.2014	23.07.2014	12.08.2014	20.09.2014
15.10.2014	03.11.2014	08.11.2014	13.12.2014
24.01.2015	11.02.2015	04.03.2015	26.03.2015

**INDEPENDENT DIRECTORS' MEETING**

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a meeting of the Independent Directors of the Company was held on 26th March, 2015, without the attendance of Non-Independent Directors and members of the management.

**Director's Profile****Sanjay Dhingra (DIN: 00025376)**

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

His business acumen combined with his grass root level exposure in the FMCG Industry has been instrumental in making Kwality Limited one of the fastest growing companies in the Dairy Sector. Under his able leadership the company has successfully established itself as a dominant player in the dairy industry in the country. The company has crossed a remarkable figure of Rs. 5269 Cr. of turnover for financial year 2014-2015.

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

**Sidhant Gupta (DIN: 00555513)**

Shri Sidhant Gupta was appointed on the Board of Directors of the Company on April 18, 2011. He is responsible for growth and strategic planning for the Company. A Management Graduate in Finance from one of the reputed college Shri Venkateswara College, University of Delhi, India.

Shri Sidhant Gupta has been instrumental in bringing about technological and managerial excellence in the Company's operations. His rich experience, expertise in business management and foresightedness has been instrumental in elevating "Kwality Limited" to its current position wherein the Company has seen fresh growth perspectives including the initiative to incorporate foreign subsidiary, expand the company's global footprint and tap various international markets with tremendous growth in terms of both top-line and bottom-line.

He brought about radical changes, implemented business strategies, removed lacunas of internal system and enhanced the group's value by launching new dairy products. A person of strong will and focused mind, he has been instrumental in bringing about coherency in operation matters leading to better efficiencies all around including optimum fund building and utilization.



**Dr. Rattan Sagar Khanna (DIN : 03073914)**

Dr. Rattan Sagar Khanna did his M.Sc. (Hons) from Punjab Agri University. He is Diploma holder in Semen Freezing Gynecology & Andrology from Royal Veterinary and Agriculture University, Copenhagen, Diploma in Farm & Science Journalism from Institute of Farm & Science Journalism, New Delhi. Over 35 years, he has worked at senior positions in Dairy, Farming and in Agriculture Sector in the areas of manufacturing, consulting and marketing. He has joined the Board of “Kwality Limited” in May 2010.

Dr. Khanna is presently the trustee of M/s Ganesh Scientific Research Foundation New Delhi, Consultant of Namastey India Foods, Kanpur, Council Member and Consultant of Gerson Lehrman Group, New York, USA, Vice Chairman & Consultant of Centre for Institute of Animal Husbandry and Dairy Development, Noida, Member, Research Advisory Council, World Buffalo Trust, Noida.

In the past, Dr. Rattan Sagar Khanna has served, among others, as a Member & Chairman of various Dairy Associations including Consultant of Department of Animal Husbandry, Fisheries & Veterinary Services, Chief Executive Officer Animal Feeds Business in Dabur Ayurved Limited, Advisor to the GCMMF, General Manager in Gujrat Co-operative Milk Marketing Federation, New Delhi, Managing Director of Rajasthan Cooperative Dairy Federation, Jaipur, Resident Representative (Northern Region) of National Dairy Development Board, New Delhi, and Head (Projects) of Indian Dairy Corporation, Baroda.

He has been providing his valuable inputs on major initiatives taken by the Company as well as the technologies introduced in the Company. He is actively involved in introduction and launch of our anchor Brand “Dairy Best - Livlite”. Dr. Khanna has also extended his expertise in implementation and establishment of collection centres and MCC's of the Company.

As an investor protection activist and proponent of good corporate governance, Dr. Khanna has been the guiding force in company's CSR initiatives. An old war horse in Dairy Business, his experience has been a valuable asset for the company.

**Arun Srivastava (DIN : 01121929)**

Shri Arun Srivastava joined the Board of “Kwality Limited” on 25th June 2003. He brings to the Board an extensive experience of Financial Modeling and Resource Mobilisation. A commerce graduate by profession, Shri Arun's endeavors, valuable inputs and consultation to the Board helps in managing complex banking products required in the international trade to ensure the safety of the material and the cash register of the Company.

He has been serving on various committees of Board and helping the Company in its smooth operations. He brings in corporate finance and transaction experience to the Company and with consulting and liasoning background he remains the trouble shooter for the Company vis-à-vis clients and lenders and ensure smooth execution of mandated deals.

**Pinky Singh (DIN: 05181540)**

Ms. Pinky Singh, a graduate in commerce and law and an associate member of Institute of Company Secretaries of India, brings with her the vast expertise in the field of legal, Secretarial and Insurance compliances and is well versed with the Computation of Taxes, Finance activities, SEBI, FEMA and RBI Compliances. She has experience in strategic corporate matters, IPO, private placements, listing matters, FCCBs, etc which proved to be a great asset for the company. She is also serving on the committee of the Board.

**Manjit Dahiya (DIN: 07182188)**

Mr. Manjit Dahiya holds more than 25 years of experience in the Dairy Industry, expert in setting dairy plants, development of dairy product and implementing latest developments in dairy industry and is responsible for handling technical issue at the Plant and milk chilling centers. He is 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. He has expert knowledge in the products manufactured by Kwality Limited and its utilization.

He is also serving on the committee of the Board and has been instrumental in the promotion of the Company.

**3. Board Committee’s**

To enable better and more focused attention on the affairs of the Company, the board delegates particular powers to committees of the directors set up for the purpose.

Currently, the Board has 7 (Seven) Committees i.e. Audit Committee, Remuneration, Compensation and Nomination Committee, Share Transfer Committee, Stakeholders Relationship Committee, Management Committee, Corporate Social Responsibility Committee and Risk Management Committee. The quorum for meetings is either two members or one-third of the members of the committee, whichever is higher. The composition, scope of work, numbers of the total meetings held during the financial year 2014-15 are as under:

**1. Audit Committee:**

The Audit Committee covers the areas as contemplated under Clause 49 of the Listing Agreement, Section 177 of the Companies Act, 2013 and the rules made thereunder besides other terms as may be referred by the Board of Directors. Statutory Auditors and Internal Auditors were regular invitees to the committees meeting.

**I. Composition of Audit Committee as on 31st March, 2015**

The Audit Committee comprised of 3 (three) Directors. Out of these, two are Non-Executive & Independent Director and one Executive Director. All of whom are financially literate and they have accounting or related financial management expertise.

The Company Secretary acts as Secretary of the Committee.-

Name of Director	Category	No. of Meeting Held	No. of Meeting Attended
Mr. Arun Srivastava	Non-Executive-Independent Director	9	9
Mr. Sidhant Gupta	*Executive Director	9	7
Dr. Rattan Sagar Khanna	Non-Executive-Independent Director	9	9

\*Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

**II. Scope/term of reference of Audit Committee:**

The terms of reference/power of the Audit Committee has been specified by the Board of Directors in consonance with Section 177 of the Companies Act, 2013,the rules made thereunder and Clause 49 of the Listing Agreement, which inter alia includes.

- 1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 8) Approval or any subsequent modification of transactions of the company with related parties;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussion with internal auditors of any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) To review the functioning of the Whistle Blower mechanism;
- 19) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**Explanation (I):** The term "related party transactions" shall have the same meaning as provided in Clause 49(VII) of the Listing Agreement.

Minutes of Meeting of Audit Committee are circulated in the Board meeting.

**III. Dates of Audit Committee Meetings are as follows:**

During the Financial Year 2014-15 the audit committee met 9 (Nine) time. The date on which meeting of the Audit Committee held are as under:

30.05.2014	23.07.2014	12.08.2014	11.10.2014	07.11.2014
12.12.2014	11.02.2015	04.03.2015	26.03.2015	

**2. Remuneration, Compensation and Nomination Committee**

The Board has constituted a Remuneration, Compensation & Nomination Committee in terms of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to make recommendation on Directors' appointment to the Board, appointment to the Management Committee and the senior most level of executive management below the Executive Director, review and approve the annual salaries, commission, service agreement and other employment conditions for Executive Directors.

**Term of reference of Remuneration, Compensation and Nomination Committee**

- A. The company shall set up a Remuneration, Compensation and Nomination Committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.
- B. The role of the committee shall, inter-alia, include the following:
  1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
  2. Formulation of criteria for evaluation of Independent Directors and the Board;
  3. Devising a policy on Board diversity;
  4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
- C. The Chairman of the Remuneration, Compensation and Nomination Committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, it would be up to the Chairman to decide who should answer the queries.

The Remuneration, Compensation & Nomination Committee has been constituted to formulate the criteria for determining qualifications and independence of Directors and to recommend/review the remuneration of Managing Directors/Whole Time Director and employees of the Company. The remuneration policy is directed towards rewarding performance base on review of achievements on a periodical basis. The remuneration policy is in consonance with industry practice.

The Remuneration policy of the Company for employees is based on the performance of the individual and performance of the Company. The policy aims at attracting and retaining high caliber talent and ensures equity, fairness and consistency in rewarding the employees.

The annual variable pay of senior managers is linked to the Company's performance in general and the performance of their

functions/business units for the relevant year and is measured against specific major performance areas which are closely aligned to the Company's objectives.

The Committee is also responsible to formulate the ESOP Scheme and to discharge all the function of the compensation committee under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

#### I. Composition of Remuneration, Compensation and Nomination Committee as on 31st March, 2015

Name of the Director/Member	Category	No. of Meeting Held	No. of Meeting Attended
Dr. Rattan Sagar Khanna	Non-Executive Independent Director	4	4
Mr. Arun Srivastava	Non-Executive Independent Director	4	4
Ms. Pinky Singh	Non-Executive Independent Director	0	0
Mr. Sanjay Dhingra	Chairman & Managing Director	4	4
*Mr. Sidhant Gupta	Executive Director	3	3

\*During the year Mr. Sidhant Gupta resigned from the committee with effect from 26th March, 2015

The Details of Remuneration during the year ended 31st March, 2015 as follows:-

Name	Gross Remuneration	Sitting Fees	Total
Mr. Sanjay Dhingra (Managing Director)	1,30,20,000	-	1,30,20,000
Mr. Sidhant Gupta *(Executive Director)	1,00,00,000	-	1,00,00,000

\*Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

During the Financial Year 2014-15 the committee met 4 (Four) times. The date on which meeting of the Audit Committee held are as under:

24.05.2014	19.08.2014	19.12.2014	26.03.2015
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### 3. Management/ Executive Committee

The Management Committee was constituted on November 10, 2011 by the Board to manage the day to day business and operations of the company and to improve the efficiency. The terms of reference of the Management Committee is to consider and dispose of any day to day matters, with a view to ensure smooth operation and timely action/compliances. The Committee meets at frequent intervals and disposes matters which are of routine and day to day operations.

#### I. Composition and numbers of meeting held of Management Committee as on 31st March, 2015

The Management committee comprised with four members, Mr. Sanjay Dhingra (Managing Director), Mr. Sidhant Gupta (\*Executive Director), Mr. Rajesh Verma (Vice President International Trade) and Mr. Manjeet Dahiya (Whole Time Director).

Name of the Director	Category	No. of Meeting Held	No. of Meeting Attended
Mr. Sanjay Dhingra	Chairman & Managing Director	11	11
Mr. Sidhant Gupta	* Executive Director	11	10
Mr. Rajesh Verma	VP - International Trade	11	10
Mr. Manjit Dahiya	** VP-Technical	11	11

\*Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

\*\*Mr. Manjit Dahiya has been appointed as Whole Time Director on the Board of the Company w.e.f 12th May, 2015 and before that he was designated as VP-Technical in the company

#### II. During the year, Eleven meetings of the committee were held:-

08.04.2014	03.05.2014	02.06.2014	30.07.2014
12.08.2014	20.09.2014	03.11.2014	12.12.2014
12.01.2015	11.02.2015	04.03.2015	

### 4. Stakeholders Relationship Committee

The Board has constituted a Stakeholders Relationship Committee to specifically look into redressal of shareholder's and investor's grievances such as transfer, dividend, demat and related matters.

The Stakeholders Relationship Committee has been constituted as per the provisions of Section 178 of the Companies Act, 2013 and Listing Agreement. The Company Secretary acts as Compliance Officer for the purpose of Stakeholders Relationship Committee.



**I. Composition of the Stakeholders Relationship Committee as on 31st March, 2015**

Name of the Director	Category	Chairman/Member
Dr. Rattan Sagar Khanna	Non-Executive-Independent Director	Chairman
Mr. Sidhant Gupta	*Executive Director	Member
Mr. Arun Srivastava	Non-Executive-Independent Director	Member

\*Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

**II. The Terms of Reference of the Stakeholders Relationship Committee are as under:**

- Review complaints of shareholders and action taken thereon.
- Look into all securities filing every quarter.
- Monitor implementation and compliances of company's Code of Conduct.
- As the Securities and Exchange Board of India has introduced a new system for the registration & redressal of investors complaints online popularly known as SCORES (SEBI Complaints Redress System). The committee periodically review the complaints registered in SCORES.

**III. Details of meeting held and attended by members for financial year 2014-2015 are given below:**

Name of the Director	No. of Meeting Held	No. of Meeting Attended
Dr. Rattan Sagar Khanna	4	4
Mr. Sidhant Gupta	4	4
Mr. Arun Srivastava	4	4

**IV. Date of the Meetings**

24.05.2014	26.07.2014	23.10.2014	12.01.2015
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**V. Status Report of investor's complaint/ request for the year ended 31st March, 2015**

- Number of Complaint/request Received- 09
- Number of Complaint/request Resolved- 09
- Number of Complaint/request Pending - 0

**5. Share Transfer Committee**

Share Transfer Committee was constituted as per the requirement of listing agreement and agreement with RTA for approval and registration of transfer. The terms of reference of the Share transfer Committee is to approve transfer and transmission of shares and to approve Sub-division, Consolidation and issue of new/duplicate share certificates, whenever requested for by the shareholders of the company.

The committee consists of Dr. Rattan Sagar Khanna, Mr. Arun Srivastava and Mr. Sidhant Gupta. The Share Transfer Committee meets on fortnightly basis and review, monitor the responsibility of Share Transfer Agents and review all the matters connected with shares. All valid requests for share transfer received during the year have been acted upon and no such transfer is pending.

**I. Composition of the Committee as on 31st March, 2015**

Name of the Director	Category	No. of Meeting Held	No. of Meeting Attended
Dr. Rattan Sagar Khanna	Non-Executive Independent Director	33	33
Mr. Sidhant Gupta	*Executive Director	33	28
Mr. Arun Srivastava	Non-Executive Independent Director	33	33

\*Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

**II. Date of the Committee Meetings:**

During the financial year 2014-15 the members of the committee met 33(Thirty Three) times. The detail of the same is as under:

07.04.2014	14.04.2014	21.04.2014	05.05.2014	19.05.2014
02.06.2014	10.06.2014	18.06.2014	02.07.2014	12.07.2014
24.07.2014	31.07.2014	07.08.2014	19.08.2014	29.08.2014
11.09.2014	25.09.2014	07.10.2014	21.10.2014	28.10.2014
10.11.2014	24.11.2014	03.12.2014	09.12.2014	19.12.2014
30.12.2014	07.01.2015	21.01.2015	03.02.2015	16.02.2015
21.02.2015	12.03.2015	25.03.2015		

6. CSR Committee

The Board has constituted Corporate Social Responsibility Committee to formulate and recommend the Corporate Social Responsibility Policy and to undertake the CSR activities.

Composition of the Corporate Social Responsibility Committee is as follows as on 31st March, 2015

Name of the Director/Member	Category	No. of Meeting Held	No. of Meeting Attended
Mr. Sanjay Dhingra	Chairman & Managing Director	4	4
**Mr. Sidhant Gupta	Executive Director	4	4
Dr. Rattan Sagar Khanna	Non-Executive Independent Director	4	4
Mr. Rajinder Singh	Head Procurement-U.P.	4	4
Mr. Sunit Shangle	Chief Financial Officer	4	4
Mrs. Pushplata Tripathi	Manager - Training and Development	4	4
*Mr. Nav Ratan Saraswat	Head procurement-New Business Development	4	4

\* Mr. Nav Ratan Saraswat resigned from the Committee with effect from 26th March, 2015.

\*\* Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

Date of the Committee Meetings:

During the financial year 2014-15 the members of the committee met 4(Four) times. The detail of the same is as under:

22.05.2014	13.08.2014	22.12.2014	11.03.2015
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Role of Corporate Social Responsibility Committee is as follows:

- 1) Medical and health welfare facilities for the villagers including their animals
- 2) Initiative in education specially for girl children including contributions for schools, scholarships or grants for higher education etc.
- 3) Empowerment of the women of the village by forming of Women Self Help Group and taking steps in providing them training in vocational activities, carrying out micro business activities etc. including educating them on women and child welfare, cleanliness and financial inclusion.
- 4) Helping the villagers in getting loans for animals, vehicles or even construction of pucca loan by tying up with banks.
- 5) Covering insurances of the villagers including medical, personal accident and animal insurance
- 6) Acting as an agent for villagers to help them in getting the benefits in the form of subsidiaries etc. from State and Central Government.
- 7) Other activities for the upliftment, providing education and employment and welfare of the villagers.

7. Risk Management Committee

The Board has constituted a Risk Management Committee in terms of Clause 49 of the Listing Agreement to frame, implement and monitor the Risk Management plan for the company and make strategies for Risk assessment and Risk minimization procedures.

I. Composition of Risk Management Committee as on 31st March, 2015

Name of the Director/Member	Category	No. of Meeting Held	No. of Meeting Attended
Mr. Sanjay Dhingra	Chairman & Managing Director	3	3
Mr. Sidhant Gupta	*Executive Director	3	3
Mr. Arun Srivastava	Non-Executive Independent Director	3	3

\*Mr. Sidhant Gupta resigned from the position of Whole-Time Directorship of the company w.e.f 29th May, 2015 and currently holding the position as Non-Executive Director of the Company

II. Date of the Committee Meetings:

During the financial year 2014-15 the members of the committee met 3(Three) times. The detail of the same is as under:

19.08.2014	20.11.2014	04.03.2015	
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Name, Designation and Address of Compliance Officer:

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

4. Code of Business Conduct and Ethics for Directors and Senior Management:

Your Company has adopted a comprehensive code of conduct for its Board Members and Senior Management Personnel of the Company as per the requirement of Clause 49(1) (D) of the Listing Agreement. The Board Members and Senior Management Personnel have affirmed their

compliance with the said code of conduct. The code of conduct has been posted on the website of the Company. The declaration to this effect signed by Mr. Sanjay Dhingra, Chairman & Managing Director of the Company forms part of the report.

**5. Annual General Meetings:**

The Last three Annual General Meeting of the company were held as under

Year	Date	Time	Location
2013-2014	24.09.2014	9:30 A.M.	Lavanya, G.T. Karnal Road, Palla Bakhtavarpor Mord, Alipur, Delhi-110036
2012-2013	30.09.2013	9:30 A.M.	Lavanya, G.T. Karnal Road, Palla Bakhtavarpor Mord, Alipur, Delhi-110036
2011-2012	28.09.2012	10 A.M	Village Softa, Tehsil & District Palwal, Faridabad, Haryana

No Special Resolution was passed in the AGM held in 2011-2012.

Following Special Resolutions were passed at AGM held in 2012-2013:-

- Issuance of ADRs / ADs / GDs / FCCBs / QIBs or any other securities

Following Special Resolutions were passed at AGM held in 2013-2014:-

- Alteration of Clause No. 104 and 127 of Articles of Association.
- Issuance of 3,10,88,082 Convertible Warrants on Preferential basis
- Borrowing of money under section 180 (1) (c) of the Companies Act, 2013

**6. Extra- Ordinary General Meeting (EGM):**

An extra ordinary General Meeting of the members of the company was held on 18th day of October, 2014 to transact the following businesses:

I. To issue Convertible Warrants of 3,10,88,082 on Preferential basis

Date	Time	Location
18.10.2014	10 A.M.	Lavanya, G.T. Karnal Road, Palla Bakhtavarpur Mord, Alipur, Delhi-110036

**7. DISCLOSURE**

**(i) Disclosure on materially significant Related Party Transactions:**

In terms of Accounting Standards 18, details of transactions with related parties transactions have been reported in the Notes to Accounts, which form part of this Annual Report.

None of the transactions of Company of material nature, with its promoters and their relatives, the directors or the management and their relatives or any other related parties were in conflict with the interest of the Company.

**(ii) Disclosure on non-compliance on any matter related to capital markets during the last three years:**

A Settlement fees of Rs. 3 Crore has been paid to SEBI for obtaining permission authorizing listing of shares allotted to erstwhile promoters in the year 2000.

**(iii) Disclosure of Accounting Treatment**

There has not been any significant change in the accounting policies during the year.

**(iv) Board disclosures- Risk Management**

As the Company operate in extremely complex and dynamic environment, which exposes your Company to various internal and external risks. Risk identification, assessment and mitigation assume paramount importance for the efficient & uninterrupted operations of the Company. The Company has put in place Risk Management Policy and Procedures for assessing, timely responding and mitigating these risks on continuous basis.

**8. THE COMPANY HAS COMPLIED WITH ALL MANDATORY REQUIREMENTS AND HAS ADOPTED NON-MANDATORY REQUIREMENTS AS PER DETAIL GIVEN BELOW:**

**(i) Shareholder Rights**

Quarterly and Annual Financial Results of the company are published in leading newspapers and also displayed on website of the company i.e. [www.kdil.in](http://www.kdil.in). The results are not separately circulated to the shareholders.

**(ii) Training to Board Members**

At present the company does not have such a training programme for the Board members.

**(iii) Mechanism for evaluating non-executive Board members**

The company has not adopted any mechanism for evaluating Non-Executive Directors.

**(iv) Whistle blower policy**

The Company has adopted a whistle blower policy to provide a formal mechanism to the employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The policy provides for adequate safeguards against victimisation of employees who avails of the mechanism and also provides for direct access to the chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

**9. MEANS OF COMMUNICATION**

**a) Stock Exchange Intimation:** The unaudited quarterly financial statements are announced within forty-five days of the end of each quarter and the audited annual results are announced within 60 days from the end of the last quarter. The aforesaid financial statements

after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchanges where the shares of the Company are listed

- b) Newspapers:** The financial results of the company (Quarterly & Annual) are published in leading newspapers in the format prescribed under Clause 41 of the Listing agreement with the stock exchanges where the shares of the Company are listed.
- c) Website:** The financial results are also posted on the Company's Website [www.kdil.in](http://www.kdil.in) to inform and service the Shareholders allowing them to access information at their convenience.

Management Discussion and Analysis report has been attached to the Director's Report and forms part of this Annual Report.

## General Shareholder Information

### 1) 23rd Annual General Meeting :

Date: 30th September, 2015

Time: 9:30 a.m.

Venue: Lavanya, G.T. Karnal Road, Palla Bakhatavarpur Mord, Alipur, Delhi-110036

### 2) Financial Calendar

The Financial year covers the period from 1st April to 31st March.

Key financial Reporting Dates for the Financial Year 2015-2016

1st Quarter ending on 30-06-2015	On or before August 15, 2015
2nd Quarter ending on 30-09-2015	On or before November 15, 2015
3rd Quarter ending on 31-12-2015	On or before February 15, 2016
4th Quarter ending on 31-03-2016	On or before May 15, 2016 or if audited on or before May 30, 2016

### 3) Date of Book Closure

The Register of Members and Shares Transfer Register of the Company shall be closed from 25th September 2015 to 30th September 2015 (both days inclusive).

### 4) Dividend payment Date

The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting will be paid within 30 days of declaration

### 5) Listing on Stock Exchange

Equity share of the Company are currently listed on Bombay Stock Exchange Limited & National Stock Exchange of India Limited.

The Company has paid the annual listing fees for the year 2015-16.

The Company is listed with the Symbol KWALITY and the ISIN -INE775B01025.

### 6) Script Code

BSE-531882

NSE-INE775B01025

### 7) Market Price Data and Performance In Comparison to Index

The High & Low of Share Price of the Company during each month in last financial year at BSE were as under:

(Face value of each share is Re. 1)

Month	High (Rs)	Low (Rs)	Volume (No.)
April 2014	38.90	28.90	12,98,652
May 2014	38.20	27.60	9,83,649
June 2014	57.30	35.25	73,37,887
July 2014	58.00	45.00	27,96,399
August 2014	53.45	44.70	14,10,846
September 2014	53.00	45.00	30,86,369
October 2014	51.40	45.00	8,21,914
November 2014	51.55	44.65	18,57,667
December 2014	47.30	36.25	11,72,968
January 2015	44.45	36.20	9,59,618
February 2015	45.40	37.45	13,69,257
March 2015	43	35.25	8,57,616

### 8) Registrar and Share Transfer Agents

Beetal Financial & Computer Services (p) Ltd.

Beetal house, 3rd Floor, 99 Madangir,

Behind Local Shopping Centre, Near Dada

Harsukhdas Mandir, New Delhi-110062

Phone no.: 91-11-29961281-83

Fax: 91-11-29961284

Email: [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com), [beetalrta@gmail.com](mailto:beetalrta@gmail.com)



9) Share Transfer System

With a view to expedite the process of share transfers, Share Transfer Committee was constituted as per the requirement of listing agreement and enter into an agreement with RTA for approval of transfer. The Share in physical mode received for transfer is transferred expeditiously subject to completion of appropriate regulatory formalities. Confirmation in respect of the request for Dematerialization of the shares is expeditiously sent to the respective depositories i.e. NSDL and CDSL.

10) Unclaimed Dividend

Dividend which remains unclaimed or unpaid for a period of 7 years for the date of declaration shall be transferred to the Investor Education and Protection Fund (IEPF) in terms of Section 124 of the Companies Act, 2013 and the rules made thereunder. However the Company declares dividend from the financial year 2008-09, no dividend remains unpaid or unclaimed for a period of 7 year from the date of declaration of dividend and thus the Company is not required to transfer any amount to the Investor Education and Protection Fund.

11) Distribution of Shareholding as on 31st March 2015

No. of Shares	No. of Shareholders		No. of Equity Shares	
	Total	% of Share Holder	Total	% of Share Capital
1-5000	20,427	96.01	1,31,19,575	5.9981
5001-10000	517	2.43	35,60,114	1.6276
10001-20000	159	0.75	23,84,438	1.0901
20001-30000	54	0.25	13,41,621	0.6134
30001-40000	26	0.12	9,08,467	0.4153
40001-50000	16	0.08	7,11,439	0.3253
50001-100000	30	0.14	22,54,770	1.0308
100001 & above	46	0.22	19,44,50,051	88.8994

12) SHAREHOLDING PATTERN

The Shareholding pattern as on 31st March, 2015

	Category	No. of Share held	Percentage of shareholding
A	Shareholding of Promoter & Promoter Group		
1	Indian		
A	Individual/HUF	15,21,54,714	69.56
B	Central Govt./ State Govt.	0	0.00
C	Bodies Corporate	0	0.00
D	Financial Institutions/ Banks	0	0.00
E	Any Other	0	0.00
	Sub Total	15,21,54,714	69.56
2	Foreign		
A	Individual(NRI/Foreign Individual)	0	0.00
B	Bodies Corporate	0	0.00
C	Institutions	0	0.00
D	Any Other	0	0.00
	Total	15,21,54,714	69.56
B	Public Shareholding		
1	Institutions		
a	Mutual Funds/UTI	0	0.00
b	Financial Institution /Banks	1,03,837	0.05
c	Foreign Institution Investors	8,20,000	0.37
d	Central Govt./ State Govt.	0	0.00
e	Venture Capital Fund	0	0.00
f	Insurance Company	0	0.00

g	Foreign Venture Capital Investor	0	0.00
h	Any Other (Trust)	0	0.00
	<b>Sub Total</b>	<b>9,23,837</b>	<b>0.42</b>
<b>2</b>	<b>Non – Institutional Investor</b>		
a	Body Corporate	2,37,54,806	10.86
b	Individual	3,99,73,163	18.28
c	Any Other(Specify)		
	1. NRI	6,26,733	0.29
	2. Foreign National	0	0.00
	3. Hindu Undivided Family	6,20,109	0.28
	4. OCB	0	0.00
	5. Clearing Members	1,26,113	0.06
	6. Trust	5,51,000	0.25
	<b>Sub Total</b>	<b>6,56,51,924</b>	<b>30.02</b>
	<b>Total</b>	<b>6,65,75,761</b>	<b>30.44</b>
	<b>Grand Total</b>	<b>21,87,30,475</b>	<b>100.00</b>

### 13) Detail of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting

<b>Name of the Directors</b>	<b>Mr. Sidhant Gupta</b>	<b>Ms. Pinky Singh</b>	<b>Mr. Manjit Dahiya</b>
Date of Birth	10th January, 1977	27th January, 1988	04th April, 1963
DIN	00555513	05181540	07182188
Relationship with other Directors Inter-se	None	None	None
Date of Appointment	18th April, 2011	26th March, 2015	12th May, 2015
Qualification	B.Com (Hons) & MBA (Finance)	B.Com, C.S. & LLB	B.Sc. (Dairy Technology)
Expertise in specific functional area	Expertise in Financial Modeling & Resource Mobilisation	Legal, Finance & Secretarial Compliance	Vast experience in dairy business, Dairy Technology
Directorship held in other Companies as on date.	NIL	NIL	NIL
Chairman/Member of the committee of the Board of Directors of the Company as on 31st March 2015	<ul style="list-style-type: none"> <li>• Member of Audit Committee</li> <li>• Member of Stakeholders Relationship Committee</li> <li>• Member of Share Transfer Committee</li> <li>• Member of Management Committee</li> <li>• Member of CSR Committee</li> <li>• Member of Risk Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Member of Remuneration, Compensation &amp; Nomination Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Member of Management Committee</li> </ul>
Chairman/Member of the committee of the other companies in which he is a director as on 31st March 2015	NIL	NIL	NIL
Number of Shares held in the Company	*NIL	NIL	NIL

\*Mr. Sidhant Gupta, Non-Executive Director of the Company holds 51,81,347 Convertible Warrants of Rs 48.25 each.

### 14) Dematerialization of Equity Shares and Liquidity

The trading of shares of the company are in compulsory demat and are available for trading in the both depository system, i.e. NSDL and CDSL. As on 31st March 2015, 89.68% of the Company's total listed capital representing 19,61,51,150 share were held in dematerlized form and the balance 10.32% comprising 2,25,79,325 shares were held in physical form.

Under the depository system, the International Securities Identification Number (ISIN) allotted to the company is INE775B01025.

### 15) Outstanding ADR's/GDR's/Warrants/ Convertible Instruments, conversion date and likely impact on equity

During the year, the company has on preferential basis allotted 3,10,88,082 convertible Warrants, out of which 15544041 Warrants are converted into equivalent number of Equity Shares of face value of Re 1 each and 15544041 Warrants of Rs 48.25 each amounting to Rs 7500 lacs are still pending for conversion, for which company has already received 25% of the value of warrants.

**16) Registered Office**  
Kwality Limited  
Kwality House, F-82, Shivaji Place  
Rajouri Garden  
New Delhi - 110027  
CIN : L74899DL1992PLC255519

**18) Address for correspondence**  
The Company Secretary  
Kwality Limited,  
Kwality House, F-82, Shivaji Place,  
Rajouri Garden,  
New Delhi-110027.  
Tel No: 011-47006500  
Fax No: 011-25191800,  
E-Mail: Investor@kdil.in,  
Website: www.kdil.in

**17) Plant Locations:**  
Village Softa, Tesil & Distt. Palwal,  
Faridabad, Haryana-121004  
Bakra Mandi, Ajmer, Rajasthan,  
Village Kumarherha, NH-73, Saharanpur, U.P.  
Village Mumrejpur, Dibai, Bulandsaher, U.P.  
Village: Ram Nagar, Hardoi Road, Sitapur, UP  
Village: Jarar, Tehsil: Bah, District: Agra, UP

**19) Any Shareholder complaint/queries may be addressed to:**  
Beetal Financial & Computer Services Private Limited  
Beetal house, 3rd Floor, 99 Madangir,  
Behind Local Shopping Centre, Near Dada  
Harsukhdas Mandir, New Delhi-110062  
Phone no.: 91-11-29961281-83,  
Fax: 91-11-29961284,  
Email: beetal@beetalfinancial.com

## **Certificate by the Chief Executive Officer and Chief Financial Officer on compliance with the condition of Corporate Governance under Clause 49 of the Listing Agreement**

The Board of Directors  
Kwality Limited

We hereby certify that for the Financial Year 2014-15

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

**Place: New Delhi**  
**Date: 14.08.2015**

**Sd/-**  
**Sanjay Dhingra**  
**Chairman & Managing Director**

**Sd/-**  
**Sunit Shangle**  
**Chief Financial Officer**

## **DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31st March, 2015.

**Place: New Delhi**  
**Date: 14.08.2015**

**Sd/-**  
**Sanjay Dhingra**  
**Chairman & Managing Director**



**AUDITOR'S CERTIFICATE UNDER CLAUSE 49 OF THE LISTING AGREEMENT  
COMPLIANCE CERTIFICATE**

To The Members,  
Kwality Limited

We have examined the compliance of conditions of Corporate Governance by Kwality Limited for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

**For P.P Mukerjee & Associates  
Chartered Accountants**

**Place: New Delhi  
Date: 14.08.2015**

**Sd/-  
P.P. Mukerjee  
Proprietor  
Membership No.089854**

To the Members of  
**KWALITY LIMITED**

### Report on the Standalone Financial Statements

We have audited the accompanying financial statements of M/s Kwaliti Limited, which comprise the Balance Sheet as at March 31, 2015, 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor'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 auditor 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2015 and its profit and its 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 including all the branches audited by us.
  - 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 including all the branches audited by us.
  - 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 directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

f. 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 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**

**Sd/-**

**P.P. Mukerjee**

**Proprietor**

**Membership No.089854**

**Place: New Delhi**

**Dated: 29.05.2015**

ANNEXURE TO THE AUDITOR’S REPORT OF M/S KQUALITY LIMITED FOR THE YEAR ENDED 31ST MARCH 2015

1. In respect of Fixed Assets :

1.a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

1.b) The company has a regular programme of 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. In our opinion, physically verification is reasonable having regard to the size of the Company and the nature of its assets.

2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

2.a) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material.

2.b) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory.

3. The Company has not given any loan to companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013 (‘the Act’).

4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems.

5. The Company has not accepted any deposits from the public.

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 :

7.a) According to the records of the Company examined by us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including employees’ state insurance, sales tax , wealth tax, service tax, custom duty, excise duty,value added tax, cess and other statutory dues with appropriate authorities except an undisputed Advance Income Tax liability of Rs. 4763.33 Lacs (Previous Year Rs. 1418.07Lacs) is outstanding as at the last day of the financial year for a period exceeding six months from the date they became payable.

7.b) 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, wealth tax, service tax, custom duty, excise duty, value added tax or cess which have not been deposited on account of any dispute, except as under:-

Nature of Statute	Nature of Dues	Amount unpaid (In Lacs Rs.)	Year to which the amount relates	Forum where pending
Haryana Livestock Development Board, Gurgaon	Milk cess	194.63 (157.27 deposited against 351.90 under protest)	2002-2014	Supreme Court of India
---Do---	Interest on Milk Cess	866.44	2002-2014	Supreme Court of India
Punjab VAT Act	VAT	22.04	2013-14	Excise and Taxation Comm.(Appeal)
Kerala VAT Act	VAT	1.40	2013-14	High Court (Kerala)
UP VAT Act	VAT	42.33	2013-14	Add. Comm.(Appeal) Ghaziabad, UP

7.c) According to the records of the Company examined by us and according to the information and explanations given to us , there is no amount due to be transferred to the Investor Education and Protection Fund by the Company.

8. The company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

9. Based on our audit procedures and according to the information and explanations given by the management, We are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The company has not issued any debenture.



**10. The Company has given guarantees for loans taken by its subsidiary company from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.**

**11. In our opinion and according to the information and explanations furnished to us, the term loans have been applied for the purpose for which they were obtained.**

**12. In our opinion and according to the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the year .**

**Place: New Delhi**

**Dated: 29.05.2015**

**For P.P Mukerjee & Associates**

**Chartered Accountants**

**Firm's Registration Number 023276N**

**Sd/-**

**P.P. Mukerjee**

**Proprietor**

**Membership No.089854**

**Kwality Limited**  
**Balance Sheet as at 31 March, 2015**

Particulars		Note No.	As at 31 March, 2015 (INR In Lacs)	As at 31 March, 2014 (INR In Lacs)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	2	2,187.30	2,031.86
	(b) Reserves and surplus	3	56,681.61	37,777.33
	(b) Money received against warrants	4	1,875.00	0.00
			60,743.91	39,809.19
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	14,545.97	9,711.71
	(b) Long-term provisions	6	139.06	74.99
			14,685.03	9,786.70
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	7	94,006.68	95,678.56
	(b) Trade payables	8	5,113.86	4,924.18
	(c) Other current liabilities	9	3,891.11	4,534.83
	(d) Short-term provisions	10	7,033.91	3,429.71
			1,10,045.56	1,08,567.28
	<b>TOTAL</b>		1,85,474.50	1,58,163.17
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	11.A	6,068.61	9,769.69
	(ii) Intangible assets	11.B	4.08	142.27
	(iii) Capital work-in-progress	11.C	11,836.22	2,200.33
			17,908.91	12,112.30
	(b) Non-current investments	12	1,902.75	626.56
	(c) Long-term loans and advances	13	8,801.82	4,010.42
	(d) Other Non Current Assets	14	167.36	76.34
	(e) Deferred Tax Assets (Net)	26.2	147.00	79.27
			28,927.84	16,904.89
<b>2</b>	<b>Current assets</b>			
	(a) Inventories	15	26,457.86	16,747.97
	(b) Trade receivables	16	1,15,135.71	1,19,998.82
	(c) Cash and cash equivalents	17	2,855.09	1,272.35
	(d) Short-term loans and advances	18	12,050.83	3,041.68
	(e) Other current assets	19	47.16	197.45
			1,56,546.65	1,41,258.28
	<b>TOTAL</b>		1,85,474.50	1,58,163.17
	<b>Notes forming part of the financial statements</b>	1-26		

In terms of our report attached.

**FOR P.P. MUKERJEE & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.023276N

sd/-  
**CA P.P. Mukerjee**  
Membership No.:089854  
Proprietor

Place : New Delhi  
Date : 29.05.2015

For and on behalf of the Board of Directors

sd/-  
**(Sanjay Dhingra)**  
Chairman & Managing Director  
DIN:- 00025376

sd/-  
**(CA Sunit Shangle)**  
Chief Finance Officer  
M.No:-087626

sd/-  
**(Sidhant Gupta)**  
Executive Director  
DIN:- 00555513

sd/-  
**(Pradeep K. Srivastava)**  
Company Secretary  
M.No.:-FCS6763

**Kwality Limited**  
**Statement of Profit and Loss for the year ended 31 March, 2015**

Particulars		Note No.	For the year ended 31 March, 2015	For the year ended 31 March, 2014
			(INR In Lacs)	(INR In Lacs)
1	Revenue from operations	20	5,26,917.10	4,57,804.78
2	Other income	21	1,139.63	395.09
3	<b>Total revenue (1+2)</b>		<b>5,28,056.73</b>	<b>4,58,199.87</b>
4	<b>Expenses</b>			
	(a) Cost of materials consumed	22.a	3,81,437.10	3,75,035.45
	(b) Purchases of stock-in-trade	22.b	1,07,491.98	49,473.01
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.c	(9,689.79)	(6,512.89)
	(d) Employee benefits expense	23	2,348.63	1,794.74
	(e) Finance costs	24	13,413.55	11,261.33
	(f) Depreciation and amortisation expense	11	2,496.23	1,290.73
	(g) Other expenses	25	13,512.38	10,806.48
	<b>Total expenses</b>		<b>5,11,010.08</b>	<b>4,43,148.85</b>
5	<b>Profit / (Loss) before Tax (3-4)</b>		<b>17,046.65</b>	<b>15,051.03</b>
6	Extraordinary / Exceptional Items		—	—
7	<b>Profit / (Loss) Before Tax (5-6)</b>		<b>17,046.65</b>	<b>15,051.03</b>
8	<b>Tax expense:</b>			
	(a) Tax expense for current year		3,574.05	3,155.91
	(b) (Less): MAT credit related to current year		(569.02)	(1,123.32)
	(c) Net current tax expense		3,005.03	2,032.59
	(d) Tax expense relating to prior years		16.05	318.44
	(e) Deferred tax		(67.73)	36.97
	<b>Total Tax expense:</b>		<b>2,953.35</b>	<b>2,388.01</b>
9	<b>Profit/Loss from operations (7-8)</b>		<b>14,093.30</b>	<b>12,663.02</b>
10	<b>Earnings per share (of INR 1/- each):</b>			
	(a) Basic		6.84	6.23
	(b) Diluted		6.79	6.23
Notes forming part of the financial statements		1-26		

In terms of our report attached.

For and on behalf of the Board of Directors

**FOR P.P. MUKERJEE & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.023276N

Sd/-  
**CA P.P. Mukerjee**  
Membership No.:089854  
Proprietor

Place : New Delhi  
Date : 29.05.2015

sd/-  
**(Sanjay Dhingra)**  
Chairman & Managing Director  
DIN:- 00025376

sd/-  
**(CA Sunit Shangle)**  
Chief Finance Officer  
M.No:-087626

sd/-  
**(Sidhant Gupta)**  
Executive Director  
DIN:- 00555513

sd/-  
**(Pradeep K. Srivastava)**  
Company Secretary  
M.No:-FCS6763

**Kwality Limited**
**Cash Flow Statement for the year ended 31 March, 2015**

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	(INR In Lacs)	(INR In Lacs)	(INR In Lacs)	(INR In Lacs)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		17046.65		15051.03
Adjustments for:				
Depreciation and amortisation	2496.23		1290.73	
Amortisation of Expenses	4.95		3.84	
(Profit) / loss on sale on assets	(2.20)		(0.39)	
Finance costs	13413.55		11261.33	
Interest income	(59.57)		(37.44)	
Liability no longer payable	(113.59)		(66.84)	
Fixed Assets Discard	342.55		0.00	
Bad Debts & Other Balances W/off	304.51		16.56	
Unrealised Exchange Fluctuation	(134.59)		37.13	
Security Forfeited	(176.50)		(216.66)	
Other non-cash charges	10.70	16086.04	4.14	12292.39
<b>Operating profit / (loss) before working capital changes</b>		33132.69		27343.42
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets/Liabilities:				
Inventories	(9,709.88)		(6,881.89)	
Trade receivables	4,697.79		(27,025.05)	
Short-term loans and advances	(9,009.15)		2,772.25	
Other Current Assets	146.93		(174.78)	
Other than Cash and Cash Equivalents	(519.61)		168.47	
Long-term loans and advances	(4,237.46)		78.27	
Long-term provision	64.07		19.32	
Trade payables	187.33		6,156.75	
Other current liabilities	262.60	(18,117.39)	1,976.34	(22,910.32)
<b>Cash Generated from Operations</b>		15015.30		4433.10
Cash flow from extra ordinary Items		0.00		0.00
Net income tax (paid) / refunds		(7.06)		(2,547.95)
<b>Net cash flow from / (used in) operating activities (A)</b>		15008.24		1885.15
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(10,913.81)		(5,251.27)	
Proceeds from sale of fixed assets	10.30		2.73	
Purchase of long-term investments- Subsidiaries	(1,276.19)		(61.94)	
Interest received	59.57		37.44	
<b>Net cash flow from / (used in) investing activities (B)</b>		-12120.13		-5273.04
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	13,572.49		897.08	
Repayment of long-term borrowings	(9,356.72)		(1,879.36)	
Proceeds from Issue of Equity Shares	7,500.00		-	
Proceeds from Issue of warrants	1,875.00		-	
Net increase / (decrease) in working capital borrowings	(1,671.88)		14,143.97	
Finance cost	(13,413.55)		(11,261.33)	
Dividends paid	(203.19)		(203.19)	
Tax on dividend	(34.53)		(32.96)	
<b>Net cash flow from / (used in) financing activities (C)</b>		(1,732.38)		1664.21
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		1155.74		-1723.68
Cash and cash equivalents at the beginning of the year		647.08		2370.76
<b>Cash and cash equivalents at the end of the year</b>		1802.82		647.08
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 17)	3022.45		1347.10	
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)	(1,219.63)		(700.02)	
Net Cash and cash equivalents (as defined in AS 3 CFS)		1802.82		647.08
<b>Cash and cash equivalents at the end of the year *</b>		1802.82		647.08
* Comprises:				
(a) Cash on hand	68.65		6.62	
(b) Balances with banks ( In Current Accounts)	1734.17	1802.82	640.46	647.08
<b>Notes forming part of the financial statements (1-26)</b>				
<b>In terms of our report attached.</b>				
<b>FOR P.P. MUKERJEE &amp; ASSOCIATES</b>				
<b>Chartered Accountants</b>				
<b>Firm's Registration No.023276N</b>				
<b>Sd/-</b>				
<b>CA P.P. Mukerjee</b>				
<b>Proprietor</b>				
<b>Membership No.:089854</b>				
<b>Place : New Delhi</b>				
<b>Date : 29.05.2015</b>				
<b>For and on behalf of the Board of Directors</b>				
<b>sd/-</b>				
<b>(Sanjay Dhingra)</b>				
<b>Chairman &amp; Managing Director</b>				
<b>DIN:- 00025376</b>				
<b>sd/-</b>				
<b>(Sidhant Gupta)</b>				
<b>Executive Director</b>				
<b>DIN:- 00555513</b>				
<b>sd/-</b>				
<b>(CA Sunit Shangle)</b>				
<b>Chief Finance Officer</b>				
<b>M.No:-087626</b>				
<b>sd/-</b>				
<b>(Pradeep K. Srivastava)</b>				
<b>Company Secretary</b>				
<b>M.No.:-FCS6763</b>				



## **Kwality Limited**

### **Notes forming part of the 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 Act (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 Revised Schedule VI as per Companies Act 2013.

##### **(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 be 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.

##### **(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:

<b>S.no</b>	<b>Head of Assets</b>	<b>Particulars</b>	<b>Useful Life</b>
1	Plant & Machinery	Storing & Handling Units	2 Years
2	Plant & Machinery	AMCU	3 Years

##### **(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

## **Kwality Limited**

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.

### **(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 which are readily realizable and intended to be held for not more than a year from the date on which the investment made are classified as current investment. All other investment 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.

## **Kwality Limited**

### **(m) Borrowing Costs**

Borrowing Costs that are attributable to the acquisition, construction of qualifying assets 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 inception 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.

**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 2 Share capital**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Authorised Capital 100,00,00,000 equity shares of INR 1/- each (March 31, 2014 : 100,00,00,000 equity share of INR 1/- each)	10,000.00	10,000.00
	10,000.00	10,000.00
(b) Issued ,Subscribed and fully paid up 21,87,30,475 Equity Shares of ₹1/- each fully paid-up (March 31,2014 : 203186434 Equity Shares of ₹1/- each fully paid-up)	2,187.30	2,031.86
<b>Total</b>	<b>2,187.30</b>	<b>2,031.86</b>

Refer Notes (i) to (v) below

**(i) Reconciliation of the number of shares outstanding and amount of share capital:**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	No. of Shares	Amount (INR in Lac)	No. of Shares	Amount (INR in Lac)
<b>Equity Shares at the beginning of the year</b>	<b>20,31,86,434</b>	<b>2,031.86</b>	20,31,86,434	2,031.86
Add: Shares issued during the year on conversion of Warrants (Refer note no 4)	1,55,44,041	155.44	-	-
<b>Equity Shares at the end of the year</b>	<b>21,87,30,475</b>	<b>2,187.30</b>	20,31,86,434	2,031.86

**(ii) Right, preference and restriction 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.
- For year ended 31 March 2015, the amount of per share dividend recognised as distributions to equity shareholders is ₹0.10 (previous year ₹0.10)
- 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 by each shareholder holding more than 5% of the aggregate shares in the Company:**

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding of shares	Number of shares held	% holding of shares
<b>Equity shares of ₹ 1 fully paid-up</b> Mr Sanjay Dhingra M/s Pashupati Dairies Pvt. Ltd.	15,21,54,714 1,55,44,041	69.56 7.11	15,21,54,714	74.88

**(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. The detail of bonus issues in preceding 5 years are given below

<b><u>Particulars</u></b>	<b><u>No. of Shares</u></b>
<b><u>Equity shares with voting rights</u></b>	
<u>Fully paid up by way of bonus shares</u>	
Year 2014-15	-
Year 2013-14	-
Year 2012-13	-
Year 2011-12	-
Year 2010-11	21186434

- (c) The Company has not undertaken any buy back of shares.

**v) There are no shares reserved for issue under options and contracts/ commitments for sale/ disinvestments.**



**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 3 Reserves and surplus**

Particulars	As at 31 March, 2015 ( INR In Lacs)	As at 31 March, 2014 ( INR In Lacs)
<b>(a) Share premium account</b>		
Balance as at the beginning of the year	—	—
Add: Received during the year	<b>7,344.56</b>	—
<b>Closing balance</b>	<b>7,344.56</b>	—
<b>(b) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	<b>37,777.33</b>	25,352.03
Add: Profit for the year	<b>14,093.30</b>	12,663.02
	<b>51,870.63</b>	38,015.05
Less: Adjustment on Account of Fixed Assets (Refer note no. 11 and 26.10)	<b>2,270.32</b>	
Less: Appropriations:		
Proposed Dividends on equity share (INR 0.10 per share)	<b>218.73</b>	203.19
Dividend distribution tax	<b>44.53</b>	34.53
<b>Closing balance</b>	<b>49,337.05</b>	37,777.33
<b>Total</b>	<b>56,681.61</b>	37,777.33

**Note 4 Money received against Warrants**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	No. of Convertible Warrants Allotted	Amount (INR In Lacs)	No. of Convertible Warrants Allotted	Amount (INR In Lacs)
Convertible Warrants Issued during the year	3,10,88,082	9,375.00	—	—
Less: Convertible Warrants converted into Equity Shares during the year	1,55,44,041	7,500.00	—	—
<b>Convertible Warrants at the end of the year</b>	<b>1,55,44,041</b>	<b>1,875.00</b>	—	—

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)

Name of Allottee	No. of Convertible Warrants Allotted	Consideration ( ₹ In Lacs)	Amount Received as % of Issue Price	Date of Allotment
<b>Convertible Warrants outstanding at end of year</b>				
1. Mr Sidhant Gupta	51,81,347	625.00	25%	November 3, 2014
2. Mrs Sonika Gupta	51,81,347	625.00	25%	November 8, 2014
3. M/s Sidhaant & Sons (HUF)	51,81,347	625.00	25%	November 8, 2014
Sub Total "a"	1,55,44,041	1875.00		
<b>Convertible Warrants issued and converted during the year</b>				
4. M/s Pashupati Dairies Private Limited	1,55,44,041	7500.00	100%	November 3, 2014
Sub Total "b"	1,55,44,041	7500.00		
Total "a"+"b"	3,10,88,082	9375.00		

The allottees at Sr. no. 1 to 3 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. 4 was allotted Convertible Warrants against conversion of unsecured loan given to the Company with a right to apply for and be allotted one equity share for each warrant held by them within 18 months from the date of allotment of Convertible Warrants. Pashupati Dairies Pvt. Ltd exercised its right to convert the Convertible Warrants into equity shares and consequently 155,44,041 equity shares were issued to Pashupati Dairies Pvt Ltd for an aggregate consideration of ₹ 7500.00 lacs.

Utilisation of proceed of Convertible Warrants issued: Convertible Warrants amounting to ₹ 7500 lacs were issued by conversion of unsecured loans and the balance amount of ₹ 1875 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 borrowings**

Particulars	As at 31 March, 2015 ( INR In Lacs)		As at 31 March, 2014 ( INR In Lacs)	
	Non Current	Current	Non Current	Current
<b>(1) Secured</b>				
(a) Term loans from Banks (refer note 1)	108.98	95.47	158.52	93.24
(b) Term loans from Other Parties (refer note -2)	40.44	12.75	53.19	11.43
	149.42	108.22	211.71	104.67
<b>(2) Unsecured</b>				
(a) Term loans From Bank (refer Note-3 below)	1,333.33	666.67	2,000.00	666.67
(b) Term loans From Other Parties (refer Note-4 below)	13,063.21	455.88	—	1,077.92
(c) Loans and advances from related parties (refer Note-5 below)	—	—	7,500.00	—
	14396.55	1122.55	9500.00	1744.58
<b>Total (1+2)</b>	14,545.97	1,230.76	9,711.71	1,849.25

**Notes:**

- 1). Vehicle loans were taken from various banks which are secured by hypothecation of Vehicles. Rate of Interest varies between 9.50% to 14.5%. Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging between 36 to 60 months. Maturity profile of loans are as set out below:-

Particulars	2015-16 ( INR In Lacs)	2016-17 ( INR In Lacs)	2017-18 ( INR In Lacs)	Beyond 2017-18 ( INR In Lacs)
a) Vehicle Loans from Banks	95.47	81.69	24.50	2.80
	95.47	81.69	24.50	2.80

- 2). Vehicle loans from others are secured by hypothecation of Vehicles. Rate of Interest varies between 8.67% to 13.5%. Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging between 36 to 60 months. Maturity profile of loans are as set out below:-

Particulars	2015-16 ( INR In Lacs)	2016-17 ( INR In Lacs)	2017-18 ( INR In Lacs)	Beyond 2017-18 ( INR In Lacs)
a) Vehicle Loans from others	12.75	14.07	13.95	12.42
	12.75	14.07	13.95	12.42

- 3) Term Loan from Bank was 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 Pvt Ltd situated at JTPL City, Sector-115 Mohali (Punjab). The loan is further secured by personal / Corporate guarantee of Mr.Sanjay Dhingra, Chairmen & Managing Director of Company and Property owners. Present rate of Interest on loan is 12 % . Maturity profile of loans are as set out below:-

Particulars	2015-16 ( INR In Lacs)	2016-17 ( INR In Lacs)	2017-18 ( INR In Lacs)	Beyond 2017-18 ( INR In Lacs)
a) IDBI Bank Ltd	666.67	666.67	666.67	—
	666.67	666.67	666.67	—

- 4) Term Loans from Other party are from IFCI Ltd ₹ 10000.00 lacs (previous year ₹ Nil), from DMI Finance Pvt Ltd ₹3500.00 lacs (previous year ₹ Nil), from Tata Capital Ltd ₹ Nil (previous Year 714.28 lacs) and from L & T Finance Ltd ₹ Nil (previous Year 363.64 Lacs).
- 4.a) Loan from IFCI Limited is secured by way of Exclusive mortgage on the immovable property in the name of JTPL 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, Chairman & Managing Director of Company and Corporate Guarantee of JTPL Pvt Ltd. The present rate of Interest on loan is 13.75%. Maturity profile of loans are as set out below.
- 4.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,Chairman & Managing Director of Company. Rate of interest on loan is 14.60%. Maturity profile of loans are as set out below.
- 4.c) Loan from Tata Capital Limited was secured by way of first mortgage/ charge on the immovable property in the name of JTPL Pvt Ltd. situated in Mohali (Punjab) and further secured by personal guarantee of Mr. Sanjay Dhingra,Chairman & Managing Director of company and corporate guarantee of JTPL Pvt Ltd.The rate of Interest on loan was 14.25%.
- 4.d) Loan from L & T was secured by way of pledge of shares of Kwality Limited held in the name of Mr. Sanjay Dhingra. Loan was further secured by first mortgage/charge on the immovable property located at Mohali in the name of JTPL Pvt Ltd.& personal guarantee of Mr. Sanjay Dhingra, Chairman & Managing Director of Company and corporate guarantee of JTPL Pvt Ltd. Rate of interest on loan was 12.75%.

Particulars	2015-16 ( INR In Lacs)	2016-17 ( INR In Lacs)	2017-18 ( INR In Lacs)	Beyond 2017-18 ( INR In Lacs)
a) IFCI Limited	—	2500.00	2500.00	5000.00
b) DMI Finance Pvt Ltd	455.88	661.49	764.80	1636.93
<b>Total Long Term Loans</b>	<b>455.88</b>	<b>3161.49</b>	<b>3264.80</b>	<b>6636.93</b>

- 5) The Loan from related party for ₹ NIL (previous year ₹ 7500 lacs) is unsecured and there is no interest payable on the loan. The said loan was converted into warrants and subsequently into equity shares during the current year (refer note no 4).

**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 6 Long-term provisions**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>a) Provision for employee benefits:</b>		
(i) Provision for compensated absences	48.25	27.70
(ii) Provision for gratuity (net) (Refer Note 26.9)	90.81	47.29
<b>Total</b>	<b>139.06</b>	<b>74.99</b>

**Note 7 Short-term borrowings**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(1) Secured		
(a) Loans From Banks		
i) Cash Credit Facilities (refer note 1 below)	87,419.35	89,671.85
ii) LC/ VBD Due to Banks (refer note 1 below)	6,587.33	6,006.71
<b>Total</b>	<b>94,006.68</b>	<b>95,678.56</b>

**Loans from Bank facilities are secured by way of :-**

- First pari passu charge on the entire current assets of the company.
- 1st pari passu charge on entire movable and immovable fixed assets including equitable mortgage of factory land and building of the company situated at village Softa, Palwal ( Haryana) and at Village Mumrejpur, Tehsil Dibai, District- Bulandsahar (U.P).
- 1st pari passu 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).
- Corporate guarantee of M/s Pashupati Dairies Pvt Ltd.
- Negative lien for non disposal/ non transfer of 51 % of equity share held by Mr. Sanjay Dhingra.
- Personal guarantee of Mr. Sanjay Dhingra, Chairman & Managing Director of Company .
- 10% Cash margin for LC in the form of Fixed Deposits.

**Note 8 Trade payables**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Trade payables</b>		
- For Goods	4,547.32	4,552.82
- For Services	566.54	371.36
<b>Total</b>	<b>5,113.86</b>	<b>4,924.18</b>

**Note 9 Other current liabilities**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Current maturities of long-term debt (Refer Note (4))	1,230.76	1,849.25
(b) Interest accrued and due on borrowings	76.05	101.64
(c) Interest accrued but not due on borrowings	52.74	8.65
(d) Unclaimed dividends	34.77	30.07
(e) Other payables		
(i) Statutory payments	88.78	73.85
(ii) Contractually reimbursement expenses to Employee	209.29	18.23
(iii) Payables for capital goods	1,432.09	412.86
(iv) Trade / security deposits received	441.85	478.65
(v) Advances from customers	221.36	1,281.62
(vi) Expenses Payable	103.42	280.03
<b>Total</b>	<b>3,891.11</b>	<b>4,534.83</b>

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.

**Note 10 Short-term provisions**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Provision for employee benefits:		
(i) Provision for bonus	39.07	33.52
(ii) Provision for compensated absences (net) (Refer Note 26.9)	6.98	3.93
(iii) Provision for gratuity (net) (Refer Note 26.9)	4.69	2.59
	50.75	40.05
(b) Provision - Others:		
(i) Provision for Income tax ( Net of TDS INR 6.09 lacs)	6,718.12	3,150.80
(ii) Provision for proposed equity dividend	218.73	203.19
(iii) Provision for tax on proposed dividends	44.53	34.53
(iv) Provision for Wealth Tax	1.78	1.14
	6,983.17	3,389.66
<b>Total</b>	<b>7,033.91</b>	<b>3,429.71</b>

**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 11 Fixed Assets**

(₹ In Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				WDV As On 31.03.2015	WDV As On 31.03.2014
	Opening As at 01.04.14	Additions During the Year	Deduction/ Adjustment during the year	Closing As at 31.03.2015	Opening As at 01.04.14	For the Year 31.03.2015	Adjustment on account of sales/transfer	Closing As at 31.03.2015		
<b>Tangible Assets</b>										
Land	1,046.10	2.76	-	1,048.87	-	-	-	-	1,048.87	1,046.10
Computer	139.17	29.27	1.15	167.29	88.61	37.27	(6.95)	132.84	34.45	50.55
Building	1,354.92	463.05	-	1,817.97	382.24	96.58	-	478.82	1,339.15	972.68
Plant & Machinery	11,215.87	487.81	3,727.36	7,976.33	4,003.30	2,169.18	1,465.02	4,707.47	3,268.86	7,212.57
Furniture & Fixture	29.59	4.13	4.23	29.49	11.70	6.00	4.27	13.43	16.06	17.89
Office Equipments	13.43	8.98	0.53	21.88	4.24	7.52	(0.57)	12.32	9.56	9.20
Vehicles & Motor Cars	790.50	69.91	9.38	851.02	329.79	172.36	2.80	499.35	351.67	460.71
<b>Tangible Assets Subtotal (A)</b>	<b>14,589.58</b>	<b>1,065.92</b>	<b>3,742.66</b>	<b>11,912.84</b>	<b>4,819.88</b>	<b>2,488.92</b>	<b>1,464.57</b>	<b>5,844.23</b>	<b>6,068.61</b>	<b>9,769.69</b>
<b>Intangible Assets</b>										
Computer Software	148.01	4.36	134.90	17.48	5.74	7.31	(0.34)	13.39	4.08	142.27
<b>Intangible Assets Subtotal (B)</b>	<b>148.01</b>	<b>4.36</b>	<b>134.90</b>	<b>17.48</b>	<b>5.74</b>	<b>7.31</b>	<b>(0.34)</b>	<b>13.39</b>	<b>4.08</b>	<b>142.27</b>
Work in Progress	2,200.33	10,109.98	474.10	11,836.22	-	-	-	-	11,836.22	2,200.33
<b>Total Subtotal (C)</b>	<b>2,200.33</b>	<b>10,109.98</b>	<b>474.10</b>	<b>11,836.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,836.22</b>	<b>2,200.33</b>
<b>Figures for the Current Year</b>	<b>16,937.92</b>	<b>11,180.26</b>	<b>4,351.65</b>	<b>23,766.53</b>	<b>4,825.62</b>	<b>2,496.23</b>	<b>1,464.23</b>	<b>5,857.62</b>	<b>17,908.91</b>	<b>12,112.30</b>
<b>Figures for the Previous Year</b>	<b>11,691.73</b>	<b>5,251.27</b>	<b>5.07</b>	<b>16,937.92</b>	<b>3,537.64</b>	<b>1,290.73</b>	<b>2.74</b>	<b>4,825.62</b>	<b>12,112.30</b>	<b>8,154.09</b>

Depreciation of the year includes impairment loss amounting to ₹ 207.65 lacs (Previous Year ₹ Nil lacs) recognised during the year.

Work in Progress include loss on account of foreign exchange fluctuation amounting to ₹ 20.15 lacs (Previous year ₹ Nil lacs) (Refer note no 1(ii)(k))

**Note 12 Non-current investments**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Investments (At cost):		
A.Trade		
Unquoted		
(a) Investment in equity instruments		
(i) of Wholly Owned subsidiaries		
12 Share (As at 31 March, 2013: 1 Share) of AED1 Million each fully paid up in Kwality Dairy Products FZE, Dubai	1,902.75	143.20
(b) Share Application Money in Kwality Dairy Products FZE,Dubai of Wholly Owned subsidiaries		483.36
<b>Total - Trade (A)</b>	<b>1,902.75</b>	<b>626.56</b>
	<b>1,902.75</b>	<b>626.56</b>
Aggregate amount of unquoted investments	<b>1,902.75</b>	<b>626.56</b>

**Note 13 Long-term loans and advances**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Unsecured considered good		
(a) Capital advances	4,346.50	130.04
(b) Security deposits	50.91	29.91
(c) Mat Credit entitlement	4,404.41	3,850.47
<b>Total</b>	<b>8,801.82</b>	<b>4,010.42</b>

**Note 14 Other Non Current Assets**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Unsecured considered good		
(a) Balance with Banks ( Refer note below 1)	167.36	74.75
(b) Unamortised Expenses	—	1.59
(i) Deferred Licences Fee		
<b>Total</b>	<b>167.36</b>	<b>76.34</b>

(1) Represent bank deposits not due for realisations within 12 month of balance sheet date. Further refer note no.17.



**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 15 Inventories**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Raw materials	124.04	298.83
(b) Work-in-progress (Refer Note below)	3,170.03	4,412.66
(c) Finished goods (other than those acquired for trading)	22,530.65	11,592.30
(d) Stock-in-trade (acquired for trading)	5.53	11.46
(e) Stores and spares	193.00	86.22
(f) Packing Material	434.60	346.51
<b>Total</b>	<b>26,457.86</b>	<b>16,747.97</b>

**Note : Work-in-progress**

Particulars	( INR In Lacs)	( INR In Lacs)
FAT/Butter/Ghee	2,338.58	3,511.22
SMP/WMP/Other	831.45	901.43
	<b>3,170.03</b>	<b>4,412.66</b>

**Note 16 Trade receivables**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	65.02	369.39
	65.02	369.39
Less: Provision for doubtful trade receivables	1.65	296.13
	63.37	73.26
Other Trade receivables Unsecured, considered good	1,15,072.35	1,19,925.56
	1,15,072.35	1,19,925.56
Less: Provision for doubtful trade receivables	0.00	0.00
	1,15,072.35	1,19,925.56
<b>Total</b>	<b>1,15,135.71</b>	<b>1,19,998.82</b>

**Note 17 Cash and Bank Balance**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Cash and Cash Equivalents :</b>		
(a) Cash in hand	68.65	6.62
(b) Balances with banks		
(i) In current accounts	123.17	640.46
(ii) Cheques In hand	1,611.00	—
<b>Other Bank Balances</b>		
(a) In deposit accounts held against bank guarantee / letter of credit	1,184.86	669.95
(b) In earmarked accounts		
- Unpaid dividend accounts	34.77	30.07
	3,022.45	1,347.10
Less: Deposit having maturity more than 12 month from balance sheet date are shown under note no.14	167.36	74.75
<b>Total</b>	<b>2,855.09</b>	<b>1,272.35</b>

**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 18 Short-term loans and advances**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Unsecured considered good</b>		
(a) Security deposits	75.53	193.13
(b) Loans and advances to employees	17.89	4.97
(c) Advance Recoverable in cash or kind or for value to be received	11,566.11	2,645.15
(d) Prepaid Expenses	76.00	25.67
(e) Balances with government authorities *	315.30	172.77
<b>Total</b>	<b>12,050.83</b>	<b>3,041.68</b>

\* Includes ₹ 157.27 lacs (previous year ₹ 131.96 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, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Unamortised expenses		
(i) Deferred Licences Fee	—	3.36
(b) Accruals		
(i) Interest accrued on Fixed deposits	28.36	12.97
(ii) Incomes Receivables	18.80	181.12
<b>Total</b>	<b>47.16</b>	<b>197.45</b>

**Note 20 Revenue from operations**

	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
(a)	Sale of products (Refer Note (i) below)	5,26,782.44	4,56,988.76
(b)	Other Operating Income (Refer Note (ii) below )	134.66	816.03
	<b>Total</b>	<b>5,26,917.10</b>	<b>4,57,804.78</b>

	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
1)	<b>Sale of products comprises :</b>		
	<u>Manufactured goods</u>		
	Fat/Butter/Cream/Ghee	98,639.69	72,082.09
	SMP/WMP/DW/DC/SNF	57,864.04	68,566.34
	Milk/Toned Milk/Double Toned Milk	2,09,589.37	2,26,577.73
	Curd	48,904.44	39,191.56
	<b>Less: Excise Duty</b>	<b>2.10</b>	<b>—</b>
	<b>Total - Sale of manufactured goods</b>	<b>4,14,995.44</b>	<b>4,06,417.73</b>
	<u>Traded goods</u>		
	Fat/Butter/Cream/Ghee	864.80	832.81
	SMP/WMP/DW/DC/SNF/AMF	51,463.53	7,509.10
	Milk	59,087.54	41,947.29
	Cattle Feed & Supplements	371.12	278.64
	Other	—	3.19
	<b>Total - Sale of traded goods</b>	<b>1,11,787.00</b>	<b>50,571.02</b>
	<b>Total - Sale of products</b>	<b>5,26,782.44</b>	<b>4,56,988.76</b>
2)	<b>Other Operating Income comprises :</b>		
	Income From Export incentive	104.67	810.26
	Sale of Scrap	29.99	5.76
	<b>Total - Other Operating Income</b>	<b>134.66</b>	<b>816.03</b>

**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 21 Other income**

	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
a)	Interest income (Refer Note (i) below)	59.57	37.44
b)	Net gain on foreign currency transactions and translation (other than considered as finance cost)	462.62	0.00
c)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	617.44	357.65
	<b>Total</b>	<b>1,139.63</b>	<b>395.09</b>

	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
(i)	Interest income comprises: Interest from banks on deposits	59.57	37.44
	<b>Total - Interest income</b>	<b>59.57</b>	<b>37.44</b>

	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
(ii)	Other non-operating income comprises:		
	Profit on sale of fixed assets	2.20	0.39
	Miscellaneous income	23.35	21.99
	Claims recovered	5.67	42.85
	Security Forfeited	176.50	216.66
	Liability no longer payable	113.59	66.84
	Prior Period Items (Net off Expenses) ( Refer note 25.1)	—	8.92
	Provision for Doubtful Debts	296.13	—
	<b>Total - Other non-operating income</b>	<b>617.44</b>	<b>357.65</b>

**Note 22.a Cost of materials consumed**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Opening stock	298.83	93.77
Add: Purchases	3,81,262.32	3,75,240.51
	3,81,561.14	3,75,334.28
Less: Closing stock	124.04	298.83
<b>Cost of material consumed</b>	<b>3,81,437.10</b>	<b>3,75,035.45</b>
Material consumed comprises:		
Milk	3,62,744.94	3,37,814.80
Butter fat/Ghee	8,930.84	13,281.22
Others	9,761.33	23,939.44
<b>Total</b>	<b>3,81,437.10</b>	<b>3,75,035.45</b>

**Note 22.b Purchase of traded goods**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Milk	57,570.68	41,246.55
Fat/Butter/Cream/Ghee	817.42	794.35
SMP/WMP/DW/DC/SNF/AMF	48,749.24	7,153.31
Cattle Feed & Suppliments	354.64	278.80
<b>Total</b>	<b>1,07,491.98</b>	<b>49,473.01</b>

**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 22.c Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Inventories at the end of the year:		
Finished goods	22,536.18	11,603.76
Work-in-progress	3,170.03	4,412.66
	25,706.21	16,016.42
Inventories at the beginning of the year:		
Finished goods	11,603.76	7,205.05
Work-in-progress	4,412.66	2,298.48
	16,016.42	9,503.53
<b>Net (increase) / decrease</b>	<b>(9,689.79)</b>	<b>(6,512.89)</b>

**Note 23 Employee benefits expense**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Salaries and wages	2141.09	1701.77
Contributions to provident and other funds	78.30	39.53
Gratuity & Leave Encashment (Refer Note 26.9)	74.44	22.08
Recruitment Expenses	1.00	2.02
Staff welfare expenses	53.80	29.33
<b>Total</b>	<b>2348.63</b>	<b>1794.74</b>

**Note 24 Finance costs**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Interest expense on Borrowings	13203.22	11013.98
Other Borrowings Cost	210.33	165.35
Exchange Fluctuations	—	82.00
<b>Total</b>	<b>13,413.55</b>	<b>11,261.33</b>

**Note 25 Other expenses**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Advertisement & Sales Promotion	1820.08	497.74
Bad- Debts & Balances W/off	304.51	16.56
Bank Charges	227.00	112.78
Commission & Brokerage	108.15	116.29
Communication Expenses	59.12	44.92
Consumption of Packing Materials	2350.22	2203.26
Consumption of Stores and Spare Parts	262.63	163.12
Donations and Contributions	—	3.55
Export Expenses	17.37	223.96
Insurance	57.34	30.57
Legal and Professional	75.07	77.87
Loss on Fixed Assets Sold	—	—
Miscellaneous Expenses	748.12	277.30
Payments To Auditors (Refer Note (26.5)	8.43	7.53
Payments To Cost Auditors	—	0.50
Power and Fuel	2177.29	1871.23
Printing and Stationery	22.60	18.95
Prior Period Items ( Refer note 25.1)	16.29	0.00
Processing Charges Of Milk	1473.20	1796.08
Provision For Bad Debts	—	—
Rates and Taxes	45.85	54.73
Rebate & Discount	87.31	5.97
Rent	218.84	180.01
Repairs and Maintenance - Buildings	71.24	76.16
Repairs and Maintenance - Machinery	152.84	85.26
Transportation Charges	2883.41	2643.74
Travelling and Conveyance	233.19	226.38
Vehicle Running Expenses	92.30	72.00
<b>Total</b>	<b>13512.38</b>	<b>10806.48</b>



**Kwality Limited**  
**Notes forming part of the financial statements**

**Note 25.1) Detail of Prior period Items**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Prior Period Expenses	16.29	16.08
Prior Period Incomes	0.00	25.00
<b>Total</b>	<b>16.29</b>	<b>(8.92 )</b>

**26.1).Contingent Liabilities and other Commitments:**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Contingent liability (to the extent not provided for)</b> <b><u>Claim against the company not acknowledged as debts</u></b> 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 ₹ 351.90 lacs from which a sum of ₹ 157.27 lacs (previous year ₹ 131.96 lacs) deposited under protest and a sum of ₹ 866.44 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.	<b>1,218.34</b>	1,193.03
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.	<b>156.97</b>	156.97
Sales Tax Matters in Appeallate Authorities	<b>66.38</b>	175.72
DEPB Credit matter in CESTAT tribunal	<b>69.44</b>	0.00
Contingent Liability for Bank Guarantee	<b>1,570.23</b>	922.18
Contingent Liability for Letter of Credit	<b>4,592.66</b>	315.42
Contingent Liability under EPCG License	<b>703.11</b>	99.58
Corporate Guarantee given on behalf of wholly owned subsidiary	<b>16,899.52</b>	16,226.95
<b>Commitments</b> Estimated amount of Contracts remaining to be executed on capital account and not provided for	<b>485.71</b>	965.56

**26.2). The deferred tax liability comprise of the following :**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Deferred Tax Assets		
Related to Fixed Assets	147.00	79.27
Due to Disallowance under the Income Tax Act, 1961	—	—
	147.00	79.27

**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 have not been given.**

**Kwality Limited**  
**Notes forming part of the financial statements**

**26.4).Foreign Exchange Transactions**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>a) Value of imports on CIF basis</b>		
Plant & Machinery	1,022.04	211.44
Purchase of Traded Goods	49,272.62	7,182.01
Consumables	1.59	0.00
<b>b) Imported and Indigenous raw material, componenets and consumable consumed</b>		
<b>(i) Raw material consumed</b>		
- Imported		
Amount	0.00	0.00
Percentage	0.00	0.00
- Indigenous		
Amount	3,81,437.10	3,75,035.45
Percentage	100.00	100.00
<b>Total</b>	<b>3,81,437.10</b>	<b>3,75,035.45</b>
<b>(ii) Purchase of Traded Goods</b>		
- Imported		
Amount	49,272.62	7,182.01
Percentage	45.84	14.52
- Indigenous		
Amount	58,219.36	42,291.00
Percentage	54.16	85.48
<b>Total</b>	<b>1,07,491.98</b>	<b>49,473.01</b>
<b>(iii) Consumables</b>		
- Imported		
Amount	1.59	0.00
Percentage	0.60	0.00
- Indigenous		
Amount	261.04	163.12
Percentage	99.40	100.00
<b>Total</b>	<b>262.63</b>	<b>163.12</b>
<b>c) Expenditure in Foreign Exchange (on accrual basis)</b>		
<b>Capital Transaction</b>		
Capital Investment in Subsidiary	1,276.19	61.94
Capital Advance	0.00	0.00
Capital Goods	1,022.04	86.05
<b>Revenue Transaction</b>		
Raw Material & Purchase Traded Goods	49,272.62	7,182.01
Consumable Goods	1.59	0.00
Tour and Travelling	9.58	11.65
Other	4.25	4.46
	<b>51,586.27</b>	<b>7,346.11</b>
<b>d) Earnings in Foreign Exchange (on accrual basis)</b>		
- Value of Exports on FOB basis	53,020.60	18,344.62
<b>e) Particulars of unhedged foreign currency as on reporting date</b>		
Import trade payable	679.42	3,170.23
Export trade receivable	21,575.30	5,851.18
Trade Advance paid	0.00	0.00
Trade advance received	56.78	1,093.19
Packing Credit in Foreign Credit (PCFC)	0.00	385.39
Export Earner in Foreign Credit (EEFC)	0.03	0.17
Import Capital Creditors Table	1,001.45	0.00

**Kwality Limited**  
**Notes forming part of the financial statements**

**26.5). Payment to Auditors :**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Audit Fees	7.30	6.50
Tax Audit Fees	1.13	1.00
Other Charges	0.00	0.03
	8.43	7.53

**26.6). Managerial Remuneration**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Salaries and Allowances	230.20	228.43

**26.7). Statement of Earning Per Share**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Net Profit attributable to Equity Shareholders (INR In lacs)	14,093.30	12,663.02
Weighted Average Number of Equity Shares		
i) used as denominator for calculating EPS	21,87,30,475.00	20,31,86,434
ii) Nominal value per share (in INR)	1.00	1.00
iii) Basic Earning Per Share (in INR)	6.84	6.23
iv) Diluted Earning Per Share (in INR)	6.79	6.23

**26.8). RELATED PARTY DISCLOSURES**

As per Accounting Standard 18 disclosures of transactions with the related parties are given below:

**Relationships**

- |   |   |  |
|---|---|--|
| 1 | Subsidiary Company  | Kwality Dairy Products FZE   |
| 2 | Key managerial personnel (KMP)  | Sh. Sanjay Dhingra<br>Sh. Sidhant Gupta<br>Sh. Rattan Sagar Khanna<br>Sh. Arun Srivastava<br>Sh. Sunit Shangle<br>Ms. Deepa Kapoor |
| 3 | Enterprises on which Key Managerial person having significant influence | JTPL Pvt Ltd<br>Pashupati Dairies Pvt Ltd<br>Kwality Dairy Investments Pvt Ltd.<br>Sahayogi Foundation                             |
| 4 | Relative of Key Managarial Person                                       | Kanika Dhingra<br>Ved Parkash Gupta<br>Sonika Gupta<br>Sidhaant and Sons (HUF)   |

**Balances with related parties**

Related Party	Nature of Transactions	As At 31 March, 2015	As At 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
Kwality Dairy Products FZE	Investment in Subsidiary	1,902.75	143.20
	Share Application Money	0.00	483.36
	Corporate Gurantee	16,899.52	16,226.95
	Amount Recoverable	0.00	156.71
	Amount Payable	13.61	0.00
Pashupati Dairies Pvt Ltd	Amount Payable in respect of Services rcd.	41.86	71.02
	Amount Recoverable	0.00	0.00
	Amount Payable in respect of Loans	0.00	7,500.00
	Amount Payable in Respect of Royalty	0.00	0.00
	Guarantee taken for Financial Limits	1,12,643.00	0.00
JTPL Townships Pvt Ltd	Collateral Security/guarantee	13,000.00	7,500.00
	Guarantee for Long Term Loans	16,500.00	7,500.00
	Guarantee taken for Financial Limits	1,12,643.00	1,15,055.00
Sh. Sanjay Dhingra	Shares Pledge for Loan	15,604.00	3,155.00
	Guarantee for Long Term Loans	0.00	3,000.00
Ms Kanika Dhingra	Guarantee taken for Financial Limits	0.00	87,500.00
Sh. Sidhant Gupta	Collateral Security/guarantee	1,500.00	1,500.00

**Kwality Limited**  
**Notes forming part of the financial statements**

**Disclosures in respect of material transactions with related parties**

Related Party	Nature of Transactions	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
Kwality Dairy Products FZE	- Share Application Money / Investment - Corporate Guarantee - Sales	<b>1276.19</b> <b>0.00</b> <b>130.17</b>	61.94 10788.02 2670.78
Pashupati Dairies Pvt Ltd	- Inter Corporate Loans repaid/Converted - Services Received - Rent - Royalty - Allotment of Share Capital - Guarantee taken for Financial Limits	<b>7500.00</b> <b>128.83</b> <b>44.50</b> <b>9.00</b> <b>7500.00</b> <b>1,12,643.00</b>	0.00 719.34 0.00 9.00 0.00 0.00
JTPL Pvt Ltd	- Collateral Security/guarantee	<b>5,500.00</b>	3,000.00
Sanjay Dhingra	- Guarantee taken for Financial Limits - Guarantee released for Financial Limits - Guarantee for Long Term Loans - Managerial Remuneration - Dividend Paid - Shares Pledge for Loan	<b>0.00</b> <b>2,412.00</b> <b>9,000.00</b> <b>130.20</b> <b>152.15</b> <b>12,449.00</b>	30,055.00 0.00 0.00 128.43 152.15 -
Kanika Dhingra	- Guarantee taken for Financial Limits - Guarantee released for Long Term Loans - Guarantee released for Financial Limits	<b>0.00</b> <b>3,000.00</b> <b>87,500.00</b>	2,500.00 0.00 0.00
Sidhant Gupta	- Managerial Remuneration - Allotment of Share warrant (amt paid 25%)	<b>100.00</b> <b>625.00</b>	100.00 0.00
Sidhaant and Sons (HUF)	- Allotment of Share warrant (amt paid 25%)	<b>625.00</b>	0.00
Sonika Gupta	- Allotment of Share warrant (amt paid 25%)	<b>625.00</b>	0.00
Rattan Sagar Khanna	- Meeting Fee	<b>0.80</b>	1.10
Arun Srivastava	- Meeting Fee	<b>1.30</b>	0.60
Sunit Shangle	- Remuneration	<b>29.94</b>	14.21
Deepa Kapoor	- Remuneration	<b>8.35</b>	8.10
Ved Prakash Gupta	- Dividend	<b>5.83</b>	0.00

**26.9) .EMPLOYEE BENEFITS :**

**Employee Benefits**

The Company has made provisions for employee benefits in accordance with the Accounting Standard (AS) 15 "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.

Defined Contribution Plan	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Employer's contribution to Provident Fund	<b>40.64</b>	10.21
Employer's contribution to Employee State Insurance Fund	<b>25.18</b>	21.19
<b>Total</b>	<b>65.82</b>	31.41



**Kwality Limited**  
**Notes forming part of the financial statements**

Defined Benefit Plan	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Change in Benefit Obligation</b>	<b>Gratuity</b>	<b>Gratuity</b>
Liability at the beginning of the year	49.89	35.21
Interest Cost	3.99	3.17
Current service cost	34.91	19.29
Benefit Paid	(2.72)	(0.40)
Actuarial (gain)/loss on obligation	9.44	(7.38)
Liability at the end of year-recognized in the Balance Sheet	95.50	49.89
<b>Expenses recognized in the Income Statement</b>		
Interest cost on benefit obligation	3.99	3.17
Current service cost	34.91	19.29
Expected return on plan assets	0.00	0.00
Net actuarial( gain)/loss recognized in the year	9.44	(7.38)
Expenses recognised in Profit and Loss statement	48.34	15.07

Defined Benefit Plan	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Change in Benefit Obligation</b>	<b>Leave Encashment</b>	<b>Leave Encashment</b>
Liability at the beginning of the year	31.63	25.01
Interest Cost	2.53	2.25
Current service cost	20.46	13.75
Benefit Paid	(2.50)	(0.39)
Actuarial (gain)/loss on obligation	3.11	-9.00
Liability at the end of year-recognized in the Balance Sheet	55.24	31.63
<b>Expenses recognized in the Income Statement</b>		
Interest cost on benefit obligation	2.53	2.25
Current service cost	20.46	13.75
Expected return on plan assets	0.00	0.00
Net actuarial( gain)/loss recognized in the year	3.11	-9.00
Expenses recognised in Profit and Loss statement	26.10	7.00
Discount rate current	8.00% per annum	8.75% per annum
Salary escalation current	5% per annum	5% per annum
Mortality	IALM 2006-2008 Ultimate	LIC 94-96 Ultimate
Withdrawal rate 18 to 58 Years	2% per annum	2% per 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 ₹74.44 Lacs /-(PY. - ₹22.08 Lacs) as contribution towards defined contribution plan is recognized as expense in the Profit & Loss Statement

#### **26.10). Depreciation**

Pursuant to the requirement of the Companies Act 2013, the company has revised the depreciation rates based on the internal technical assessment of the estimated economic useful lives of the fixed assets as prescribed by schedule II to the Act from April 1, 2014 as further amended on August 29, 2014. In case of the fixed assets where the useful life is now completed as determined above, the company has adjusted the net residual value as at April 1, 2014 aggregating to ₹ 2270.32 lakhs to retained earnings. Depreciation expenses including impairment loss for the year ended March 31, 2015 is lower by ₹ 1157.46 Lacs due to this revision.

**Kwality Limited**  
**Notes forming part of the financial statements**

**26.11). CSR Expenditure**

During the year, the company spent Rs.283.86 lakhs toward CSR under section 135 of the companies act 2013 and rules thereunder in terms of policy framed Board of Directors.

**26.12).Other Notes**

**a) Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges**

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Name of the party	Relationship	Amount outstanding as at 31 March, 2015 (INR in Lacs)
Kwality Dairy Products FZE Dubai- Investment	Subsidiary	1,902.75 (626.56)

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

sd/-  
CA P.P. Mukerjee  
Membership No.:089854  
Proprietor

On behalf of the Board of Directors

sd/-  
**(Sanjay Dhingra)**  
Chairman & Managing Director  
DIN:- 00025376

sd/-  
**(CA Sunit Shangle)**  
Chief Finance Officer  
M.No:-087626

sd/-  
**(Sidhant Gupta)**  
Executive Director  
DIN:- 00555513

sd/-  
**(Pradeep K. Srivastava)**  
Company Secretary  
M.No.:-FCS6763

Place : New Delhi  
Date : 29.05.2015

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**KWALITY LIMITED**

### Report on the Consolidation Financial Statements

We have audited the accompanying Consolidated Financial Statements of M/s Kwaliti Limited ("the Company") and its subsidiary, which comprise the Consolidated Balance Sheet as at March 31, 2015, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

### 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 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.

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 Holding 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 Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 sub-paragraph (a) of the Other Matters paragraph below, 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 2015 and its profit and its cash flows for the year ended on that date.

### Other Matters

(a) We did not audit the financial statements / financial information of a subsidiary, whose financial statements / financial information reflect total assets of Rs.23027.45 lacs as at 31st March, 2015, total revenues of Rs.57971.64 lacs and net cash flows amounting to Rs.109.15 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### 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, based on the comments in the auditors' reports of the Holding company, subsidiary company, associate companies and jointly controlled companies incorporated in India, as the company does not have any subsidiary, associates and jointly control entity in India, the para is not applicable.
2. As required by Section 143 (3) of the Act, 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 financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated 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 directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 25.1 to the consolidated financial statements.
    - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company incorporated in India.

**For P.P Mukerjee & Associates**  
**Chartered Accountants**  
**Firm's Registration Number 023276N**

**Place: New Delhi**  
**Dated: 29.05.2015**

**Sd/-**  
**P.P. Mukerjee**  
**Proprietor**  
**Membership No.089854**



## Consolidated Balance Sheet as at 31 March, 2015

Particulars		Note No.	As at 31 March, 2015	As at 31 March, 2014
			(INR In Lacs)	(INR In Lacs)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	2	2,187.30	2,031.86
	(b) Reserves and surplus	3	62,429.55	40,810.36
	(c) Money received against warrants	4	1,875.00	0.00
			66,491.86	42,842.22
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	14,806.39	10,920.11
	(b) Long-term provisions	6	139.06	74.99
			14,945.45	10,995.10
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	7	1,08,854.77	96,806.26
	(b) Trade payables	8	5,199.72	16,628.32
	(c) Other current liabilities	9	4,059.87	4,651.27
	(d) Short-term provisions	10	7,033.91	3,429.71
			1,25,148.28	1,21,515.55
	<b>TOTAL</b>		<b>2,06,585.59</b>	<b>1,75,352.88</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	11.A	6,729.13	10,435.01
	(ii) Intangible assets	11.B	4.08	142.27
	(iii) Capital work-in-progress	11.C	11,836.22	2,200.33
			18,569.43	12,777.62
	(b) Long-term loans and advances	12	8,820.93	4,010.42
	(c) Other Non Current Assets	13	167.36	76.34
	(d) Deferred Tax Assets (Net)	25.2	147.00	79.27
			27,704.72	16,943.65
<b>2</b>	<b>Current assets</b>			
	(a) Inventories	14	29,104.19	18,739.48
	(b) Trade receivables	15	1,32,458.64	1,33,115.26
	(c) Cash and cash equivalents	16	5,165.28	3,146.77
	(d) Short-term loans and advances	17	12,105.60	3,210.27
	(e) Other current assets	18	47.16	197.45
			1,78,880.87	1,58,409.23
	<b>TOTAL</b>		<b>2,06,585.59</b>	<b>1,75,352.88</b>
	Notes forming part of the financial statements	1-25		

In terms of our report attached.

**FOR P.P. MUKERJEE & ASSOCIATES**

Chartered Accountants

Firm's Registration No.023276N

sd/-

CA P.P. Mukerjee

Membership No.:089854

Proprietor

Place : New Delhi

Date : 29.05.2015

For and on behalf of the Board of Directors

sd/-

(Sanjay Dhingra)

Chairman &amp; Managing Director

DIN:- 00025376

sd/-

(CA Sunit Shangle)

Chief Finance Officer

M.No:-087626

sd/-

(Sidhant Gupta)

Executive Director

DIN:- 00555513

sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No:-FCS6763

**Kwality Limited**
**Consolidated Statement of Profit and Loss for the year ended 31 March, 2015**

Particulars		Note No.	For the year ended 31 March, 2015 (INR In Lacs)	For the year ended 31 March, 2014 (INR In Lacs)
1	Revenue from operations	19	5,87,833.47	5,01,095.45
2	Other income	20	1,173.43	402.87
3	<b>Total revenue (1+2)</b>		<b>5,89,006.90</b>	<b>5,01,498.32</b>
4	<b>Expenses</b>			
	(a) Cost of materials consumed	21.a	3,81,437.10	3,75,035.45
	(b) Purchases of stock-in-trade	21.b	1,65,488.26	91,700.56
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21.c	(10,344.63)	(8,041.64)
	(d) Employee benefits expense	22	2,428.73	1,859.08
	(e) Finance costs	23	14,030.64	11,557.87
	(f) Depreciation and amortisation expense	11	2,530.03	1,299.21
	(g) Other expenses	24	13,830.62	11,206.61
	<b>Total expenses</b>		<b>5,69,400.76</b>	<b>4,84,617.13</b>
5	<b>Profit / (Loss) before Tax (3-4)</b>		<b>19,606.14</b>	<b>16,881.19</b>
6	Extraordinary / Exceptional Items		—	—
7	<b>Profit / (Loss) Before Tax (5-6)</b>		<b>19,606.14</b>	<b>16,881.19</b>
8	<b>Tax expense:</b>			
	(a) Tax expense for current year		3,574.05	3,155.91
	(b) (Less): MAT credit related to current year		(569.02)	(1,123.32)
	(c) Net current tax expense		3,005.03	2,032.59
	(d) Tax expense relating to prior years		16.05	318.44
	(e) Deferred tax		(67.73)	36.97
			<b>2,953.35</b>	<b>2,388.01</b>
9	<b>Profit / (Loss) from operations (5-6)</b>		<b>16,652.79</b>	<b>14,493.18</b>
10	<b>Earnings per share (of INR 1/- each):</b>			
	(a) Basic		8.08	6.23
	(b) Diluted		8.02	6.23
	<b>Notes forming part of the financial statements</b>	1-25		

In terms of our report attached.

**FOR P.P. MUKERJEE & ASSOCIATES**

Chartered Accountants

Firm's Registration No.023276N

Sd/-

CA P.P. Mukerjee

Membership No.:089854

Proprietor

Place : New Delhi

Date : 29.05.2015

For and on behalf of the Board of Directors

sd/-

(Sanjay Dhingra)

Chairman & Managing Director

DIN:- 00025376

sd/-

(CA Sunit Shangle)

Chief Finance Officer

M.No:-087626

sd/-

(Sidhant Gupta)

Executive Director

DIN:- 00555513

sd/-

(Pradeep K. Srivastava)

Company Secretary

M.No.:-FCS6763

**Kwality Limited**
**Consolidated Cash Flow Statement for the year ended 31 March, 2015**

Particulars	For the year ended 31 March, 2015		For the year ended 31 March, 2014	
	(INR In Lacs)	(INR In Lacs)	(INR In Lacs)	(INR In Lacs)
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		19606.14		16881.19
<i>Adjustments for:</i>				
Depreciation and amortisation	2530.03		1299.21	
Amortisation of Expenses	4.95		3.84	
(Profit) / loss on sale on assets	(2.20)		(0.39)	
Finance costs	14030.64		11557.87	
Interest income	(77.96)		(45.22)	
Liability no longer payable	(113.59)		(66.84)	
Fixed Assets Discard	342.55		0.00	
Bad Debts & Other Balances W/off	304.51		16.56	
Foreign Currency Fluctuation Reserve	155.43		133.95	
Unrealised Exchange Fluctuation	(134.59)		37.13	
Security Forfeited	(176.50)		(216.66)	
Other non-cash charges	10.70	16873.97	4.14	12723.59
<b>Operating profit / (loss) before working capital changes</b>		36480.10		29604.78
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets/Liabilities:</i>				
Inventories	(10,364.72)		(8,410.65)	
Trade receivables	491.30		(32,321.90)	
Short-term loans and advances	(8,895.32)		2,824.98	
Other Current Assets	146.93		(173.02)	
Other than Cash and Cash Equivalents	(846.23)		(26.17)	
Long-term loans and advances	(4,256.57)		87.96	
Long-term provision	64.07		19.32	
Trade payables	(11,430.94)		7,518.17	
Other current liabilities	314.05	(34,777.42)	2,064.00	(28,417.32)
<b>Cash Generated from Operations</b>		1702.68		1187.46
Cash flow from extra ordinary Items		0.00		0.00
Net income tax (paid) / refunds		(7.06)		(2,547.95)
<b>Net cash flow from / (used in) operating activities (A)</b>		1695.62		-1360.49
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(10,942.81)		(5,908.59)	
Proceeds from sale of fixed assets	10.30		3.00	
Purchase of long-term investments- Subsidiaries	-		-	
Interest received	77.96		45.22	
<b>Net cash flow from / (used in) investing activities (B)</b>		-10854.54		-5860.37
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	13,572.49		1,598.39	
Repayment of long-term borrowings	(10,303.84)		(1,879.36)	
Proceeds from Issue of Equity Shares	7,500.00		-	
Proceeds from Issue of warrants	1,875.00		-	
Net increase / (decrease) in working capital borrowings	12,048.51		13,681.31	
Finance cost	(14,030.64)		(11,557.87)	
Dividends paid	(203.19)		(203.19)	
Tax on dividend	(34.53)		(32.96)	
<b>Net cash flow from / (used in) financing activities (C)</b>		10,423.81		1606.33
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		1264.89		-5614.54
Cash and cash equivalents at the beginning of the year		1622.78		7237.32
<b>Cash and cash equivalents at the end of the year</b>		2887.67		1622.78
<b>Reconciliation of Cash &amp; cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	5332.63		3221.52	
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)	(2,444.96)		(1,598.74)	
Net Cash and cash equivalents (as defined in AS 3 CFS)		2887.67		1622.78
Cash and cash equivalents at the end of the year *		2887.67		1622.78
* Comprises:				
(a) Cash on hand	88.86		27.56	
(b) Balances with banks ( In Current Accounts)	2798.81	2887.67	1595.22	1622.78
<b>Notes forming part of the financial statements (1-25)</b>				
<b>In terms of our report attached.</b>				
<b>FOR P.P. MUKERJEE &amp; ASSOCIATES</b>				
<b>Chartered Accountants</b>				
<b>Firm's Registration No.023276N</b>				
<b>Sd/-</b>				
<b>CA P.P. Mukerjee</b>				
<b>Proprietor</b>				
<b>Membership No.:089854</b>				
<b>Place : New Delhi</b>				
<b>Date : 29.05.2015</b>				
<b>For and on behalf of the Board of Directors</b>				
<b>sd/-</b>				
<b>(Sanjay Dhingra)</b>				
<b>Chairman &amp; Managing Director</b>				
<b>DIN:- 00025376</b>				
<b>sd/-</b>				
<b>(Sidhant Gupta)</b>				
<b>Executive Director</b>				
<b>DIN:- 00555513</b>				
<b>sd/-</b>				
<b>(CA Sunit Shangle)</b>				
<b>Chief Finance Officer</b>				
<b>M.No:-087626</b>				
<b>sd/-</b>				
<b>(Pradeep K. Srivastava)</b>				
<b>Company Secretary</b>				
<b>M.No.-:FCS6763</b>				

**Kwality Limited**  
**Notes forming part of the 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 Kwality Limited (Holding Company) incorporated in India and its 100% subsidiary, incorporated in Dubai, namely Kwality Dairy Products FZE.
- The financial statement of subsidiary used in consolidation is drawn upto 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 Company	Country of Incorporation	Ownership	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 be 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.

**(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



## **Kwality Limited**

### **Notes forming part of the Consolidated financial statements**

#### **(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.

#### **(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 which are readily realizable and intended to be held for not more than a year from the date on which the investment made are classified as current investment. All other investment 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.

## **Kwality Limited**

### **Notes forming part of the Consolidated financial statements**

#### **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 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 inception 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.

**Kwality Limited**  
**Notes forming part of the Consolidated financial statements**

**Note 2 Share capital**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Authorised Capital 100,00,00,000 equity shares of INR 1/- each (March 31, 2014 : 100,00,00,000 equity share of INR 1/- each)	10,000.00	10,000.00
	10,000.00	10,000.00
(b) Issued, Subscribed and fully paid up 21,87,30,475 Equity Shares of INR1/- each fully paidup (March 31, 2014 : 20,31,86,434 Equity Shares of INR1/- each fully paidup)	2,187.30	2,031.86
<b>Total</b>	<b>2,187.30</b>	<b>2,031.86</b>

Refer Notes (i) to (v) below

**(i) Reconciliation of the number of shares outstanding and amount of share capital:**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	No. of Shares	Amount (INR in Lac)	No. of Shares	Amount (INR in Lac)
<b>Equity Shares at the beginning of the year</b> Add: Shares issued during the year on conversion of Warrants (Refer note no 4)	<b>20,31,86,434</b> <b>1,55,44,041</b>	<b>2,031.86</b> <b>155.44</b>	20,31,86,434 -	2,031.86 -
<b>Equity Shares at the end of the year</b>	<b>21,87,30,475</b>	<b>2,187.30</b>	20,31,86,434	2,031.86

**(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.
- For year ended 31 March 2015, the amount of per share dividend recognised as distributions to equity shareholders is ₹0.10 (previous year ₹0.10)
- 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 by each shareholder holding more than 5% of the aggregate shares in the Company:**

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding of shares	Number of shares held	% holding of shares
<b>Equity shares of ₹1/- fully paidup</b> Sanjay Dhingra Pashupati Dairies Pvt. Ltd.	<b>15,21,54,714</b> <b>1,55,44,041</b>	<b>69.56</b> <b>7.11</b>	<b>15,21,54,714</b>	<b>74.88</b>

**(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. The detail of bonus issues in preceding 5 years are given below

<u>Particulars</u>	<u>No. of Shares</u>
<b><u>Equity shares with voting rights</u></b>	
<u>Fully paid up by way of bonus shares</u>	
Year 2014-15	-
Year 2013-14	-
Year 2012-13	-
Year 2011-12	-
Year 2010-11	21186434

- (c) The Company has not undertaken any buy back of shares.

**(v) There are no shares reserved for issue for options and contract and commitment for sale/disinvestments.**

**Kwality Limited**  
**Notes forming part of the Consolidated financial statements**

**Note 3 Reserves and surplus**

Particulars	As at 31 March, 2015 ( INR In Lacs)	As at 31 March, 2014 ( INR In Lacs)
<b>(a) Share premium account</b>		
Balance as at the begining of the year	-	-
Add: Received during the year	7,344.56	-
<b>Closing balance</b>	<b>7,344.56</b>	<b>-</b>
<b>(b) Foreign Currency translation reserve (On Consolidation) #</b>	<b>289.37</b>	<b>133.95</b>
Foreign Currency Transaction Reserve	289.37	133.95
<b>(c) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Balance as at the begining of the year	40,676.41	26,420.95
Add: Profit for the year	16,652.79	14,493.18
	57,329.20	40,914.13
Less: Adjustment on Account of Fixed Assets (Refer note no. 11 and 26.10)	2,270.32	-
<b>Less: Appropriations:</b>		
Proposed Dividends on equity share (INR 0.10 per share)	218.73	203.19
Dividend distribution tax	44.53	34.53
<b>Closing balance</b>	<b>54,795.62</b>	<b>40,676.41</b>
<b>Total</b>	<b>62,429.55</b>	<b>40,810.36</b>

# Translation reserve represent conversion of balance in functional currency of foreign subsidiaries.

**Note 4 Money received against Warrants**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	No. of Convertible Warrants Allotted	( INR In Lacs)	No. of Convertible Warrants Allotted	( INR In Lacs)
Convertible Warrants Issued during the year	3,10,88,082	9,375.00	—	—
Less: Convertible Warrants converted into Equity Shares during the year	1,55,44,041	7,500.00	—	—
<b>Convertible Warrants at the end of the year</b>	<b>1,55,44,041</b>	<b>1,875.00</b>	<b>—</b>	<b>—</b>

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)

Name of Allottee	No. of Convertible Warrants Allotted	Consideration ( ₹ In Lacs)	Amount Received as % of Issue Price	Date of Allotment
<b><u>Convertible Warrants outstanding at end of year</u></b>				
1. Mr Sidhant Gupta	51,81,347	625.00	25%	Nov 3, 2014
2. Mrs Sonika Gupta	51,81,347	625.00	25%	Nov 8, 2014
3. M/s Sidhaant & Sons (HUF)	51,81,347	625.00	25%	Nov 8, 2014
<b>Sub Total "a"</b>	<b>1,55,44,041</b>	<b>1875.00</b>		
<b><u>Convertible Warrants issued and converted during the year</u></b>				
4. Pashupati Dairies Private Limited (PDPL)	1,55,44,041	7500.00	100%	Nov 3, 2014
<b>Sub Total "b"</b>	<b>1,55,44,041</b>	<b>7500.00</b>		
<b>Total "a"+"b"</b>	<b>3,10,88,082</b>	<b>9375.00</b>		

The allottees at Sr. no. 1 to 3 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. 4 was allotted Convertible Warrants against conversion of unsecured loan given to the Company with a right to apply for and be allotted one equity share for each warrant held by them within 18 months from the date of allotment of Convertible Warrants. Pashupati Dairies Pvt Ltd exercised its right to convert the Convertible Warrants into equity shares and consequently 155,44,041 equity shares were issued to Pashupati Dairies Pvt Ltd for an aggregate consideration of ₹ 7500.00 lacs.

Utilisation of proceed of Convertible Warrants issued: Convertible Warrants amounting to ₹ 7500 lacs were issued by conversion of unsecured loans and the balance amount of ₹ 1875 lacs received against Convertible Warrants has been utilised towards capital expenditure requirement.



**Kwality Limited**
**Notes forming part of the Consolidated financial statements**
**Note 5 Long-term borrowings**

Particulars	As at 31 March, 2015 ( INR In Lacs)		As at 31 March, 2014 ( INR In Lacs)	
	Non Current	Current	Non Current	Current
<b>(1) Secured</b>				
(a) Vehicle loans from Banks ( Refer note 1)	111.39	97.87	423.40	114.13
(b) Vehicle loans from Other Parties ( Refer note -2)	40.44	12.75	53.19	11.43
	151.83	110.62	476.59	125.55
<b>(2) Unsecured</b>				
(a) Term loans From Bank ( Refer Note-3 )	1,333.33	666.67	2,000.00	666.67
(b) Term loans From Other Parties ( Refer Note-4 )	13,063.21	455.88	-	1,077.92
(c) Loans and advances from related parties ( Refer Note-5 )	-	-	7,500.00	-
(d) Loans and advances from other parties ( Refer Note-6 )	258.01	19.35	943.52	-
	14654.56	1141.90	10443.52	1744.58
<b>Total (1+2)</b>	14,806.39	1,252.52	10,920.11	1,870.14

**Notes:**

- 1). Vehicle loans were taken from various banks which are secured by hypothecation of Vehicles. Rate of Interest varies between 9.50% to 14.5%. Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging between 36 to 60 months. Maturity profile of loans are as set out below:-

Particulars	2015-16 ( INR In Lacs)	2016-17 ( INR In Lacs)	2017-18 ( INR In Lacs)	Beyond 2017-18 ( INR In Lacs)
a) Term Loans from Banks	95.47	81.69	24.50	2.80
	<b>95.47</b>	<b>81.69</b>	<b>24.50</b>	<b>2.80</b>

- 2). Vehicle loans from others are secured by hypothecation of Vehicles. Rate of Interest varies between 8.67% to 13.5%. Period of maturity for loans varies between 3 year to 5 year and number of repayment installments is ranging between 36 to 60 months. Maturity profile of loans are as set out below:-

Particulars	2015-16 ( INR In Lacs)	2016-17 ( INR In Lacs)	2017-18 ( INR In Lacs)	Beyond 2017-18 ( INR In Lacs)
a) Vehicle loans from Others	12.75	14.07	13.95	12.42
	<b>12.75</b>	<b>14.07</b>	<b>13.95</b>	<b>12.42</b>

- 3) Term Loan from Bank was 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 Pvt Ltd situated at JTPL City, Sector-115 Mohali (Punjab). The loan is further secured by personal / Corporate guarantee of Mr.Sanjay Dhingra, Chairmen & Managing Director of Company and Property owners. Present rate of Interest on loan is 12 % . Maturity profile of loans are as set out below:-

Particulars	2015-16 ( INR In Lacs)	2016-17 ( INR In Lacs)	2017-18 ( INR In Lacs)	Beyond 2017-18 ( INR In Lacs)
a) IDBI Bank Ltd	666.67	666.67	666.67	—
	<b>666.67</b>	<b>666.67</b>	<b>666.67</b>	<b>—</b>

- 4) Term Loans from Other party are from IFCI Ltd ₹ 10000.00 lacs (previous year ₹ Nil), from DMI Finance Pvt Ltd ₹3500.00 lacs (previous year ₹ Nil), from Tata Capital Ltd ₹ Nil (previous Year 714.28 lacs) and from L & T Finance Ltd ₹ Nil (previous Year 363.64 Lacs).
- 4.a) Loan from IFCI Limited is secured by way of Exclusive mortgage on the immovable property in the name of JTPL 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, Chairman & Managing Director of Company and Corporate Guarantee of JTPL Pvt Ltd. The present rate of Interest on loan is 13.75%. Maturity profile of loans are as set out below.
- 4.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,Chairman & Managing Director of Company. Rate of interest on loan is 14.60%. Maturity profile of loans are as set out below.
- 4.c) Loan from Tata Capital Limited was secured by way of first mortgage/ charge on the immovable property in the name of JTPL Township Pvt Ltd. situated in Mohali (Punjab) and further secured by personal guarantee of Mr. Sanjay Dhingra,Chairman & Managing Director of company and corporate guarantee of JTPL Pvt Ltd.The rate of Interest on loan was 14.25%.
- 4.d) Loan from L & T was secured by way of pledge of shares of Kwality Limited held in the name of Mr. Sanjay Dhingra . Loan was further secured by first mortgage/charge on the immovable property located at Mohali in the name of JTPL Pvt Ltd.& personal guarantee of Mr. Sanjay Dhingra, Chairman & Managing Director of Company and corporate guarantee of JTPL Pvt Ltd. Rate of interest on loan was 12.75%.

Particulars	2015-16 ( INR In Lacs)	2016-17 ( INR In Lacs)	2017-18 ( INR In Lacs)	Beyond 2017-18 ( INR In Lacs)
a) IFCI Limited	—	2500.00	2500.00	5000.00
b) DMI Finance Pvt Ltd	455.88	661.49	764.80	1636.93
<b>Total Long Term Loans</b>	<b>455.88</b>	<b>3161.49</b>	<b>3264.80</b>	<b>6636.93</b>

- 5) The Loan from related party for ₹ NIL (previous year ₹ 7500 lacs) is unsecured and there is no interest payable on the loan. The said loan was converted into warrants and subsequently into equity shares during the current year (refer note no 4).
- 6) Term loans from Banks includes loan of INR 277.36 lacs ( INR 285.78 lacs) Lacs taken by Kwality Dairy Products FZE ' the Subsidiary', and are secured by mortgage of Property and Vehicle ( Assets ). 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. Loan against vehicle is payable in next 3 years.

**Kwality Limited****Notes forming part of the Consolidated financial statements****Note 6 Long-term provisions**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
a) Provision for employee benefits:		
(i) Provision for compensated absences (net)	48.25	27.70
(ii) Provision for gratuity (net) (Refer Note 26.9)	90.81	47.29
Total	139.06	74.99

**Note 7 Short-term borrowings**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(1) Secured		
(a) Loans From Banks		
i) Cash Credit Facilities (refer note 1 below)	1,02,267.44	90,799.55
ii) LC/ VBD Due to Banks (refer note 1 below)	6,587.33	6,006.71
Total	1,08,854.77	96,806.26

**Note.-1**

Loans from Bank facilities are secured by way of :-

- First pari passu charge on the entire current assets of the company.
  - 1st pari passu charge on entire movable and immovable fixed assets including equitable mortgage of factory land and building of the company situated at village Softa ,Palwal ( Haryana) and at Village Mumrejpur, Tehsil Dibai, District- Bulandsahar (U.P).
  - 1st pari passu 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).
  - Corporate guarantee of M/s Pashupati Dairies Pvt Ltd.
  - Negative lien for non disposal/ non transfer of 51 % of equity share held by Mr. Sanjay Dhingra.
  - Personal guarantee of Mr Sanjay Dhingra, Chairman & Managing Director of Company .
  - 10% Cash margin for LC in the form of Fixed Deposits.
- 2) Loans from banks includes INR 14848.09 (INR 7137.41 Lacs ) working capital loan avail by Kwality Dairy Products 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, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Trade payables / Acceptances		
- For Goods	4,633.19	16,256.96
- For Services	566.54	371.36
Total	5,199.72	16,628.32

**Note 9 Other current liabilities**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Current maturities of long-term debt (Refer Note (5))	1,252.52	1,870.14
(b) Interest accrued and due on borrowings	76.05	101.64
(c) Interest accrued but not due on borrowings	52.74	8.65
(d) Unclaimed dividends	34.77	30.07
(e) Other payables		
(i) Statutory payments	88.78	73.85
(ii) Contractually reimbursement expenses to Employee	209.29	18.23
(iii) Payables for capital goods	1,432.09	412.86
(iv) Trade / security deposits received	441.85	478.65
(v) Advances from customers	361.14	1,356.62
(vi) Expenses Payable	110.65	300.58
Total	4,059.87	4,651.27

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.

**Kwality Limited**  
**Notes forming part of the Consolidated financial statements**

**Note 10 Short-term provisions**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>(a) Provision for employee benefits:</b>		
(i) Provision for bonus	39.07	33.52
(ii) Provision for compensated absences (net) (Refer Note 25.9)	6.98	3.93
(iii) Provision for gratuity (net) (Refer Note 25.9)	4.69	2.59
	50.75	40.05
<b>(b) Provision - Others:</b>		
(i) Provision for Income tax ( Net of TDS INR 6.09 lacs)	6,718.12	3,150.80
(ii) Provision for proposed equity dividend	218.73	203.19
(iii) Provision for tax on proposed dividends	44.53	34.53
(iv) Provision for Wealth Tax	1.78	1.14
	6,983.17	3,389.66
<b>Total</b>	<b>7,033.91</b>	<b>3,429.71</b>

**Note 11 Fixed Assets**

( ₹ In Lacs)										
DESCRIPTION	GROSS BLOCK				DEPRECIATION				WDV As On 31.3.2015	WDV As On 31.3.2014
	Opening As at 01.04.14	Additions During the Year	Deduction/ Adjustment during the year	Closing As at 31.03.2015	Opening As at 01.04.14	For the Year 31.03.2015	Adjustment on account of sales/transfer	Closing As at 31.03.2015		
<b>Tangible Assets</b>										
Land	1,046.10	2.76	-	1,048.87	-	-	-	-	1,048.87	1,046.10
Computer	139.17	29.27	1.15	167.29	88.61	37.27	(6.95)	132.84	34.45	50.55
Building	1,996.49	489.57	-	2,486.07	384.81	123.31	-	508.12	1,977.95	1,611.69
Plant & Machinery	11,215.87	487.81	3,727.36	7,976.33	4,003.30	2,169.18	1,465.02	4,707.47	3,268.86	7,212.57
Furniture & Fixture	29.59	4.13	4.23	29.49	11.70	6.00	4.27	13.43	16.06	17.89
Office Equipments	31.44	10.96	0.53	41.87	7.75	11.41	(0.57)	19.73	22.14	23.69
Vehicles & Motor Cars	805.76	70.40	9.38	866.77	333.23	175.54	2.80	505.97	360.80	472.53
<b>Tangible Assets Subtotal ( A)</b>	<b>15,264.42</b>	<b>1,094.91</b>	<b>3,742.66</b>	<b>12,616.67</b>	<b>4,829.40</b>	<b>2,522.72</b>	<b>1,464.57</b>	<b>5,887.55</b>	<b>6,729.13</b>	<b>10,435.01</b>
<b>Intangible Assets</b>										
Computer Software	148.01	4.36	134.90	17.48	5.74	7.31	(0.34)	13.39	4.08	142.27
<b>Subtotal ( B)</b>	<b>148.01</b>	<b>4.36</b>	<b>134.90</b>	<b>17.48</b>	<b>5.74</b>	<b>7.31</b>	<b>(0.34)</b>	<b>13.39</b>	<b>4.08</b>	<b>142.27</b>
Work in Progress	2,200.33	10,109.98	474.10	11,836.22	-	-	-	-	11,836.22	2,200.33
<b>Total Subtotal ( C)</b>	<b>2,200.33</b>	<b>10,109.98</b>	<b>474.10</b>	<b>11,836.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,836.22</b>	<b>2,200.33</b>
<b>Figures for the Current Year</b>	<b>17,612.76</b>	<b>11,209.26</b>	<b>4,351.65</b>	<b>24,470.37</b>	<b>4,835.14</b>	<b>2,530.03</b>	<b>1,464.23</b>	<b>5,900.94</b>	<b>18,569.43</b>	<b>12,777.62</b>
<b>Figures for the Previous Year</b>	<b>8,924.55</b>	<b>2,804.74</b>	<b>19.54</b>	<b>11,709.61</b>	<b>2,513.35</b>	<b>1,029.94</b>	<b>4.52</b>	<b>3,538.76</b>	<b>8,170.85</b>	<b>6,411.20</b>

Depreciation of the year includes impairment loss amounting to ₹ 207.65 lacs (Previous Year ₹ Nil lacs) recognised during the year.  
Work in Progress include loss on account of foreign exchange fluctuation amounting to ₹ 20.15 lacs (Previous year ₹ Nil lacs) (Refer note no 1(ii)(k))

**Note 12 Long-term loans and advances**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Unsecured considered good		
(a) Capital advances	4,346.50	130.04
(b) Security deposits	70.02	29.91
(c) Mat Credit entitlement	4,404.41	3,850.47
<b>Total</b>	<b>8,820.93</b>	<b>4,010.42</b>

**Note 13 Other Non Current Assets**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Unsecured considered good</b>		
(a) Balance with Banks ( Refer note below 1)	167.36	74.75
(b) Unamortised Expenses	—	1.59
(i) Deferred Licences Fee		
<b>Total</b>	<b>167.36</b>	<b>76.34</b>

(1) Represent bank deposits not due for realisations within 12 month of balance sheet date. Further refer note no.16.

**Kwality Limited****Notes forming part of the Consolidated financial statements****Note 14 Inventories**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Raw materials	124.04	298.83
(b) Work-in-progress (Refer Note below)	3,170.03	4,412.66
(c) Finished goods (other than those acquired for trading)	25,176.99	11,592.30
(d) Stock-in-trade (acquired for trading)	5.53	2,002.96
(e) Stores and spares	193.00	86.22
(f) Packing Material	434.60	346.51
<b>Total</b>	<b>29,104.19</b>	<b>18,739.48</b>

**Note :- Work-in-progress**

Particulars	( INR In Lacs)	( INR In Lacs)
FAT/Butter/Ghee	2,338.58	3,511.22
SMP/WMP/Other	831.45	901.43
	<b>3,170.03</b>	<b>4,412.66</b>

**Note 15 Trade receivables**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Trade receivables outstanding for a period exceeding six months from the date they become due for payment		
Unsecured, considered good	65.02	369.39
	65.02	369.39
Less: Provision for doubtful trade receivables	1.65	296.13
	63.37	73.26
Other Trade receivables		
Unsecured, considered good	1,32,395.27	1,33,042.00
	1,32,395.27	1,33,042.00
Less: Provision for doubtful trade receivables	0.00	0.00
	1,32,395.27	1,33,042.00
<b>Total</b>	<b>1,32,458.64</b>	<b>1,33,115.26</b>

**Note 16 Cash and Bank Balance**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Cash and Cash Equivalents :</b>		
(a) Cash in hand	88.86	27.56
(b) Balances with banks		
(i) In current accounts	1,187.81	1,595.22
(ii) Cheques In hand	1,611.00	—
<b>Other Bank Balances</b>		
(a) In deposit accounts held against bank guarantee / letter of credit/Borrowings	2,410.19	1,568.67
(b) In earmarked accounts		
- Unpaid dividend accounts	34.77	30.07
	5,332.63	3,221.52
Less: Deposit having maturity more than 12 month from balance sheet date are shown under note no.13		
	167.36	74.75
<b>Total</b>	<b>5,165.28</b>	<b>3,146.77</b>



**Kwality Limited****Notes forming part of the Consolidated financial statements****Note 17 Short-term loans and advances**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Unsecured considered good</b>		
(a) Security deposits	75.53	193.13
(b) Loans and advances to employees	17.89	4.97
(c) Advance Recoverable in cash or kind or for value to be received	11,609.09	2,801.43
(d) Prepaid Expenses	87.79	37.98
(e) Balances with government authorities *	315.30	172.77
<b>Total</b>	<b>12,105.60</b>	<b>3,210.27</b>

\* Includes ₹ 157.27 lacs (previous year ₹ 131.96 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, 2015	As at 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Unamortised expenses		
(i) Deferred Licences Fee	-	3.36
(b) Accruals		
(i) Interest accrued on Fixed deposits	28.36	12.97
(ii) Incomes Receivables	18.80	181.12
<b>Total</b>	<b>47.16</b>	<b>197.45</b>

**Note 19 Revenue from operations**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
(a) Sale of products (Refer Note (i) below)	5,87,698.80	5,00,279.43
(b) Other Operating Income (Refer Note (ii) below )	134.66	816.03
<b>Total</b>	<b>5,87,833.47</b>	<b>5,01,095.45</b>

Note	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
1)	<b>Sale of products comprises :</b>		
	<u>Manufactured goods</u>		
	Fat/Butter/Cream/Ghee	98,639.69	72,082.09
	SMP/WMP/DW/DC/SNF	57,864.04	68,566.34
	Milk/Toned Milk/Double Toned Milk	2,09,589.37	2,26,577.73
	Curd	48,904.44	39,191.56
	Less: Excise Duty	2.10	—
	<b>Total - Sale of manufactured goods</b>	<b>4,14,995.44</b>	<b>4,06,417.73</b>
	<u>Traded goods</u>		
	Fat/Butter/Cream/Ghee	1,896.05	2,409.93
	SMP/WMP/DW/DC/SNF/AMF	1,11,348.65	49,222.65
	Milk	59,087.54	41,947.29
	Cattle Feed & Suppliments	371.12	278.64
	Other	—	3.19
	<b>Total - Sale of traded goods</b>	<b>1,72,703.37</b>	<b>93,861.69</b>
	<b>Total - Sale of products</b>	<b>5,87,698.80</b>	<b>5,00,279.43</b>
2)	<b>Other Operating Income comprises :</b>		
	Income From Export incentive	104.67	810.26
	Sale of Scrap	29.99	5.76
	<b>Total - Other Operating Income</b>	<b>134.66</b>	<b>816.03</b>

**Kwality Limited****Notes forming part of the Consolidated financial statements****Note 20 Other income**

	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
a)	Interest income (Refer Note (i) below)	77.96	45.22
b)	Net gain on foreign currency transactions and translation (other than considered as finance cost)	462.62	0.00
c)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	632.85	357.65
	<b>Total</b>	<b>1,173.43</b>	<b>402.87</b>

Note	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
(1)	Interest income comprises: Interest from banks on deposits	77.96	45.22
	<b>Total - Interest income</b>	<b>77.96</b>	<b>45.22</b>

Note	Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
(2)	Other non-operating income comprises:		
	Profit on sale of fixed assets	2.20	0.39
	Miscellaneous income	23.35	21.99
	Claims recovered	5.67	42.85
	Security Forfeited	176.50	216.66
	Liability no longer payable	113.59	66.84
	Prior Period Items (Net off Expenses) ( Refer note 24.1)	-	8.92
	Provision for Doubtful Debts	296.13	-
	Rent	15.41	-
	<b>Total - Other non-operating income</b>	<b>632.85</b>	<b>357.65</b>

**Note 21.a Cost of materials consumed**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Opening stock	298.83	93.77
Add: Purchases	3,81,262.32	3,75,240.51
	3,81,561.14	3,75,334.28
Less: Closing stock	124.04	298.83
<b>Cost of material consumed</b>	<b>3,81,437.10</b>	<b>3,75,035.45</b>
Material consumed comprises:		
Milk	3,62,744.94	3,37,814.80
Butter fat/Ghee	8,930.84	13,281.22
Others	9,761.33	23,939.44
<b>Total</b>	<b>3,81,437.10</b>	<b>3,75,035.45</b>

**Note 21.b Purchase of traded goods**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Milk	57,570.68	41,246.55
Fat/Butter/Cream/Ghee	1,482.51	2,573.77
SMP/WMP/DW/DC/SNF/AMF	1,06,080.42	47,601.44
Cattle Feed & Suppliments	354.64	278.80
<b>Total</b>	<b>1,65,488.26</b>	<b>91,700.56</b>

**Kwality Limited****Notes forming part of the Consolidated financial statements****Note 21.c Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Inventories at the end of the year:		
Finished goods	25,182.52	13,595.26
Work-in-progress	3,170.03	4,412.66
	28,352.55	18,007.92
Inventories at the beginning of the year:		
Finished goods	13,595.26	7,667.80
Work-in-progress	4,412.66	2,298.48
	18,007.92	9,966.28
<b>Net (increase) / decrease</b>	<b>(10,344.63)</b>	<b>(8,041.64)</b>

**Note 22 Employee benefits expense**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Salaries and wages	2221.20	1766.12
Contributions to provident and other funds	78.30	39.53
Gratuity & Leave Encashment (Refer Note 25.9)	74.44	22.08
Recruitment Expenses	1.00	2.02
Staff welfare expenses	53.80	29.33
<b>Total</b>	<b>2428.73</b>	<b>1859.08</b>

**Note 23 Finance costs**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Interest expense on Borrowings	13820.31	11310.52
Other Borrowings Cost	210.33	165.35
Exchange Fluctuations	-	82.00
<b>Total</b>	<b>14,030.64</b>	<b>11,557.87</b>

**Note 24 Other expenses**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Advertisement & Sales Promotion	1996.73	640.30
Bad- Debts & Balances W/off	304.51	16.56
Bank Charges	227.00	112.78
Commission & Brokerage	137.09	237.48
Communication Expenses	64.34	50.10
Consumption of Packing Materials	2350.22	2203.26
Consumption of Stores and Spare Parts	262.63	163.12
Donations and Contributions	-	3.55
Export Expenses	17.37	223.96
Insurance	60.70	34.28
Legal and Professional	93.86	151.54
Loss on Fixed Assets Sold	0.00	0.00
Miscellaneous Expenses	762.23	279.33
Payments To Auditors (Refer Note (25.5)	8.43	7.53
Payments To Cost Auditors	-	0.50
Power and Fuel	2177.29	1871.23
Printing and Stationery	22.95	19.27
Prior Period Items ( Refer note 24.1)	16.29	0.00
Processing Charges of Milk	1473.20	1796.08
Provision For Bad Debts	-	-
Rates and Taxes	45.85	54.73
Rebate & Discount	87.31	5.97
Rent	272.00	229.65
Repairs and Maintenance - Buildings	71.24	76.16
Repairs and Maintenance - Machinery	152.84	85.26
Transportation Charges	2899.38	2643.74
Travelling and Conveyance	234.88	228.20
Vehicle Running Expenses	92.30	72.00
<b>Total</b>	<b>13830.62</b>	<b>11206.61</b>

**Kwality Limited****Notes forming part of the Consolidated financial statements****Note 24.1) Detail of Prior period Items**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Prior Period Expenses	16.29	16.08
Prior Period Incomes	—	25.00
<b>Total</b>	<b>16.29</b>	<b>(8.92 )</b>

**25.1).Contingent Liabilities and other Commitments:**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Contingent liability (to the extent not provided for)</b> <b><u>Claim against the company not acknowledged as debts</u></b> 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 ₹ 351.90 lacs from which a sum of ₹ 157.27 lacs (previous year ₹ 131.96 lacs) deposited under protest and a sum of ₹ 866.44 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.	<b>1,218.34</b>	1,193.03
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.	<b>156.97</b>	156.97
Sales Tax Matters in Appellate Authorities	<b>66.38</b>	175.72
DEPB Credit matter in CESTAT tribunal	<b>69.44</b>	0.00
Contingent Liability for Bank Guarantee	<b>1,570.23</b>	922.18
Contingent Liability for Letter of Credit	<b>4,592.66</b>	315.42
Contingent Liability under EPCG Licence	<b>703.11</b>	99.58
Corporate Guarantee given on behalf of wholly owned subsidiary	<b>16,899.52</b>	16,226.95
<b>Commitments</b> Estimated amount of Contracts remaining to be executed on capital account and not provided for	<b>485.71</b>	965.56

**25.2). The deferred tax liability comprise of the following :**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Deferred Tax Assets		
Related to Fixed Assets	<b>147.00</b>	79.27
Due to Disallowance under the Income Tax Act, 1961	-	-
	<b>147.00</b>	79.27

**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 have not been given.**



**Kwality Limited**
**Notes forming part of the Consolidated financial statements**
**25.4).Foreign Exchange Transactions**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>a) Value of imports on CIF basis</b>		
Plant & Machinery	1,022.04	211.44
Purchase of Traded Goods	49,272.62	7,182.01
Consumables	1.59	0.00
<b>b) Imported and Indigenous raw material, componenets and consumable consumed</b>		
<b>(i) Raw material consumed</b>		
- Imported		
Amount	-	0.00
Percentage	-	0.00
- Indigenous		
Amount	3,81,437.10	3,75,035.45
Percentage	100.00	100.00
<b>Total</b>	<b>3,81,437.10</b>	<b>3,75,035.45</b>
<b>(ii) Purchase of Traded Goods</b>		
- Imported		
Amount	49,272.62	7,182.01
Percentage	29.77	14.52
- Indigenous		
Amount	1,16,215.63	42,291.00
Percentage	70.23	85.48
<b>Total</b>	<b>1,65,488.26</b>	<b>49,473.01</b>
<b>(iii) Consumables</b>		
- Imported		
Amount	1.59	-
Percentage	0.60	-
- Indigenous		
Amount	261.04	163.12
Percentage	99.40	100.00
<b>Total</b>	<b>262.63</b>	<b>163.12</b>
<b>c) Expenditure in Foreign Exchange (on accrual basis)</b>		
<b>Capital Transaction</b>		
Capital Investment in Subsidiary	1,276.19	61.94
Capital Advance	-	-
Capital Goods	1,022.04	86.05
<b>Revenue Transaction</b>		
Raw Material & Purchase Traded Goods	49,272.62	7,182.01
Consumable Goods	1.59	0.00
Tour and Travelling	9.58	11.65
Other	4.25	4.46
	<b>51,586.27</b>	<b>7,346.11</b>
<b>d) Earnings in Foreign Exchange (on accrual basis)</b>		
- Value of Exports on FOB basis	53,020.60	18,344.62
<b>e) Particulars of unhedged foreign currency as on reporting date</b>		
Import trade payable	679.42	3,170.23
Export trade receivable	21,575.30	5,851.18
Trade Advance paid	-	0.00
Trade advance received	56.78	1,093.19
Packing Credit in Foreign Credit (PCFC)	-	385.39
Export Earner in Foreign Credit (EEFC)	0.03	0.17
Import Capital Creditors Payable	1,001.45	-

**25.5). Payment to Auditors :**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Audit Fees	7.30	6.50
Tax Audit Fees	1.13	1.00
Other Charges	—	0.03
	<b>8.43</b>	<b>7.53</b>

**Notes forming part of the Consolidated financial statements**

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Salaries and Allowances	230.20	228.43

Particulars	As At 31 March, 2015	As At 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Net Profit attributable to Equity Shareholders (INR In lacs)	16,652.79	12,663.02
Weighted Average Number of Equity Shares		
i) used as denominator for calculating EPS	21,87,30,475.00	20,31,86,434.00
ii) Nominal value per share (in INR)	1.00	1.00
iii) Basic Earning Per Share (in INR)	8.08	6.23
iv) Diluted Earning Per Share (in INR)	8.02	6.23

- |   |   |  |
|---|---|--|
| 1 | Subsidiary Company  | Kwality Dairy Products FZE   |
| 2 | Key managerial personnel (KMP)  | Sanjay Dhingra<br>Sidhant Gupta<br>Rattan Sagar Khanna<br>Arun Srivastava<br>Sunit Shangle<br>Deepa Kapoor |
| 3 | Enterprises on which Key Managerial person having significant influence | JTPL Pvt Ltd<br>Pashupati Dairies Pvt Ltd<br>Kwality Dairy Investments Pvt Ltd.                            |
| 4 | Relative of Key Managarial Person                                       | Kanika Dhingra<br>Ved Parkash Gupta<br>Sonika Gupta<br>Sidhaant and Sons (HUF)                             |

Related Party	Nature of Transactions	As At 31 March, 2015	As At 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
Kwality Dairy Products FZE	Investment in Subsidiary	<b>1,902.75</b>	143.20
	Share Application Money	-	483.36
	Corporate Gurantee	<b>16,899.52</b>	16,226.95
	Amount Recoverable	-	156.71
	Amount Payable	<b>13.61</b>	-
Pashupati Dairies Pvt Ltd	Amount Payable in respect of Services rcd.	<b>41.86</b>	71.02
	Amount Recoverable	-	-
	Amount Payable in respect of Loans	-	7,500.00
	Amount Payable in Respect of Royalty	-	-
	Guarantee taken for Financial Limits	<b>1,12,643.00</b>	-
JTPL Pvt Ltd	Collateral Security/guarantee	<b>13,000.00</b>	7,500.00
Sanjay Dhingra	Guarantee for Long Term Loans	<b>16,500.00</b>	7,500.00
	Guarantee taken for Financial Limits	<b>1,12,643.00</b>	1,15,055.00
	Shares Pledge for Loan	<b>15,604.00</b>	3,155.00
Kanika Dhingra	Guarantee for Long Term Loans	<b>0.00</b>	3,000.00
	Guarantee taken for Financial Limits	<b>0.00</b>	87,500.00
Sidhant Gupta	Collateral Security/guarantee	<b>1,500.00</b>	1,500.00

**Kwality Limited**  
**Notes forming part of the Consolidated financial statements**

**Disclosures in respect of material transactions with related parties**

Related Party	Nature of Transactions	For the year ended 31 March, 2015	For the year ended 31 March, 2014
		( INR In Lacs)	( INR In Lacs)
Kwality Dairy Products FZE	- Share Application Money / Investment - Corporate Gurantee - Sales	1276.19 0.00 130.17	61.94 10788.02 2670.78
Pashupati Dairies Pvt Ltd	- Inter Corporate Loans repaid/Converted - Services Received - Rent - Royalty - Allotment of Share Capital - Guarantee taken for Financial Limits	7500.00 128.83 44.50 9.00 7500.00 1,12,643.00	0.00 719.34 0.00 9.00 0.00 0.00
JTPL Pvt Ltd	- Collateral Security/guarantee	5,500.00	3,000.00
Sanjay Dhingra	- Guarantee taken for Financial Limits - Guarantee released for Financial Limits - Guarantee for Long Term Loans - Mangerial Remunation - Dividend Paid - Shares Pledge for Loan	0.00 2,412.00 9,000.00 130.20 152.15 12,449.00	30,055.00 0.00 0.00 128.43 152.15 -
Kanika Dhingra	- Guarantee taken for Financial Limits - Guarantee released for Long Term Loans - Guarantee released for Financial Limits	0.00 3,000.00 87,500.00	2,500.00 0.00 0.00
Sidhant Gupta	- Mangerial Remunation - Allotment of Share warrant (amt paid 25%)	100.00 625.00	100.00 0.00
Sidhaant and Sons (HUF)	- Allotment of Share warrant (amt paid 25%)	625.00	0.00
Sonika Gupta	- Allotment of Share warrant (amt paid 25%)	625.00	0.00
Rattan Sagar Khanna	- Meeting Fee	0.80	1.10
Arun Srivastava	- Meeting Fee	1.30	0.60
Sunit Shangle	- Remuneration	29.94	14.21
Deepa Kapoor	- Remuneration	8.35	8.10
Ved Prakash Gupta	- Dividend	5.83	0.00

**25.9). EMPLOYEE BENEFITS :**

**Employee Benefits**

The Company has made provisions for employee benefits in accordance with the Accounting Standard (AS) 15 "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.

Defined Contribution Plan	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
Employer's contribution to Provident Fund	40.64	10.21
Employer's contribution to Employee State Insurance Fund	25.18	21.19
<b>Total</b>	<b>65.82</b>	<b>31.41</b>

**Kwality Limited**
**Notes forming part of the Consolidated financial statements**

Defined Benefit Plan	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Change in Benefit Obligation</b>	<b>Gratuity</b>	<b>Gratuity</b>
Liability at the beginning of the year	49.89	35.21
Interest Cost	3.99	3.17
Current service cost	34.91	19.29
Benefit Paid	(2.72)	(0.40)
Actuarial (gain)/loss on obligation	9.44	(7.38)
Liability at the end of year-recognized in the Balance Sheet	95.50	49.89
<b>Expenses recognized in the Income Statement</b>		
Interest cost on benefit obligation	3.99	3.17
Current service cost	34.91	19.29
Expected return on plan assets	0.00	0.00
Net actuarial (gain)/loss recognized in the year	9.44	(7.38)
Expenses recognised in Profit and Loss statement	48.34	15.07

Defined Benefit Plan	For the year ended 31 March, 2015	For the year ended 31 March, 2014
	( INR In Lacs)	( INR In Lacs)
<b>Change in Benefit Obligation</b>	<b>Leave Encashment</b>	<b>Leave Encashment</b>
Liability at the beginning of the year	31.63	25.01
Interest Cost	2.53	2.25
Current service cost	20.46	13.75
Benefit Paid	(2.50)	(0.39)
Actuarial (gain)/loss on obligation	3.11	-9.00
Liability at the end of year-recognized in the Balance Sheet	55.24	31.63
<b>Expenses recognized in the Income Statement</b>		
Interest cost on benefit obligation	2.53	2.25
Current service cost	20.46	13.75
Expected return on plan assets	0.00	0.00
Net actuarial( gain)/loss recognized in the year	3.11	-9.00
Expenses recognised in Profit and Loss statement	26.10	7.00
Discount rate current	8.00% per annum	8.75% per annum
Salary escalation current	5% per annum	5% per annum
Mortality	IALM 2006-2008 Ultimate	LIC 94-96 Ultimate
Withdrawal rate 18 to 58 Years	2% per annum	2% per 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 ₹74.44 Lacs /-(PY. - ₹22.08 Lacs) as contribution towards defined contribution plan is recognized as expense in the Profit & Loss Statement

**25.10). DEPRECIATION**

Pursuant to the requirement of the Companies Act 2013, the company has revised the depreciation rates based on the internal technical assessment of the estimated economic useful lives of the fixed assets as prescribed by schedule II to the Act from April 1, 2014 as further amended on August 29, 2014. In case of the fixed assets where the useful life is now completed as determined above, the company has adjusted the net residual value as at April 1, 2014 aggregating to ₹ 2270.32 lakhs to retained earnings. Depreciation expenses including impairment loss for the year ended March 31,15 is lower by ₹ 1157.46 Lacs due to this revision.

**25.11) CSR Expenditure**

During the year, the company spent Rs.283.86 lakhs toward CSR under section 135 of the companies act 2013 and rules thereunder in terms of policy framed Board of Directors.



**Kwality Limited**  
**Notes forming part of the Consolidated financial statements**

**25.12).Other Notes**

**a) Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges**

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

Name of the party	Relationship	Amount outstanding as at 31 March, 2015 (INR in Lacs)
Kwality Dairy Products FZE Dubai- Investment (Maximum amount outstanding during the year ₹1902.75lacs (previous year ₹ 626.56 Lacs))	Subsidiary	1,902.75 (626.56)

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

sd/-  
CA P.P. Mukerjee  
Membership No.:089854  
Proprietor

Place : New Delhi  
Date : 29.05.2015

On behalf of the Board of Directors

sd/-  
**(Sanjay Dhingra)**  
Chairman & Managing Director  
DIN:- 00025376

sd/-  
**(CA Sunit Shangle)**  
Chief Finance Officer  
M.No:-087626

sd/-  
**(Sidhant Gupta)**  
Executive Director  
DIN:- 00555513  
  
sd/-  
**(Pradeep K. Srivastava)**  
Company Secretary  
M.No.:-FCS6763

**Form AOC-I****(Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

**Part "A": Subsidiaries**

<b>(Information in respect of each subsidiary to be presented with amounts in rupee)</b>		
1	Sl. No.	01
2	Name of the subsidiary	Kwality Dairy Products FZE
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same 01-Apr-14 to 31-Mar-15
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	AED Exchange Rate ₹17
5	Share capital	1,902.75
6	Reserves & surplus	5,458.57
7	Total assets	22,738.08
8	Total Liabilities	15,376.76
9	Investments	----
10	Turnover	61,080.35
11	Profit before taxation	2,559.49
12	Provision for taxation	----
13	Profit after taxation	2,559.49
14	Proposed Dividend	----
15	% of shareholding	100.00
<b>Notes</b>	The following information shall be furnished at the end of the statement:	
	1. Names of subsidiaries which are yet to commence operations	Nil
	2. Names of subsidiaries which have been liquidated or sold during the year.	Nil

As per our Report of even date

On behalf of the Board of Directors

**FOR P.P. MUKERJEE & ASSOCIATES**

Chartered Accountants

Firm's Registration No.023276N

sd/-

CA P.P. Mukerjee  
Membership No.:089854  
Proprietor

sd/-

(Sanjay Dhingra)  
Chairman & Managing Director  
DIN:- 00025376

sd/-

(Sidhant Gupta)  
Executive Director  
DIN:- 00555513

sd/-

(CA Sunit Shangle)  
Chief Finance Officer  
M.No:-087626

sd/-

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

Place : New Delhi

Date : 29.05.2015



Corporate & Registered Office : Kwaliti House, F-82, Shivaji Place,  
Rajouri Garden, New Delhi-110027.  
Toll Free No.: 1800 103 5345  
E-mail : [info@kdil.in](mailto:info@kdil.in)  
Website : [www.kdil.in](http://www.kdil.in)



## KWALITY LIMITED

(Formerly Known as Kwaliti Dairy (India) Limited)

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

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

E-mail: info@kdil.in Website: www.kdil.in

CIN : L74899DL1992PLC255519

### FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange  
(Pursuant to Clause 31 of the Listing Agreement)

1	Name of the Company	Kwaliti Limited
2	Annual Financial Statement for the year ended	31 <sup>st</sup> March, 2015
3	Type of Audit observation	Un-qualified Auditor's Report
4	Frequency of observation	There is no observation in Auditor's Report issued pursuant to Section 143 of the Companies Act, 2013

For P.P. Mukerjee & Associates  
Chartered Accountants

*mukerjee*



P.P. Mukerjee

Proprietor

Membership No. 089854

Firm Registration No. 023276N

Sanjay Dhingra

(Chairman & Managing Director)

Dr. Rattan Sagar Khanna

(Chairman, Audit Committee)

Sunit Shangle

(Chief Financial Officer)



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