

Independent Auditor's Report

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, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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 March 31, 2016 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.
 - c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure-B"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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

Place : New Delhi
Date : 25th May, 2016

Sd/-
P. P. Mukerjee
Proprietor
Membership Number 089854

Annexure to the Auditor's Report

ANNEXURE A

ANNEXURE TO THE AUDITOR'S REPORT OF M/S KWALITY LIMITED FOR THE YEAR ENDED 31ST MARCH 2016

I. 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 physical verification of its fixed assets in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancy was noticed on such verification.
1. c According to the information and explanations given to us and on the basis of our examination of the records of the Company, all the title deeds are held in the name of the company.
2. The physical verification of the inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed during physical verification.
3. The Company has not granted any loan to companies, firms, Limited Liability Partnerships or other parties covered in the 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, the provisions of section 185 and 186 of the Companies Act, 2013 is not applicable to the Company during the year under review.

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 Provident fund, Employees' state insurance, Income tax, Sales tax, Service tax, Custom duty, Excise duty, Value added tax, Cess and other Statutory dues with appropriate authorities except an undisputed amount of Income Tax liability of ₹4163.12 Lacs (Previous Year ₹4763.33 Lacs) outstanding as at the last day of the financial year for a period exceeding six months from the date it became payable.
- 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, service tax, custom duty, excise duty, value added tax which have not been deposited on account of any dispute, except as under:-

Nature of Statute	Nature of Dues	Amount unpaid (₹In Lacs)	Year to which the amount relates	Forum where litigation is pending
Haryana Livestock Development Board, Gurgaon	Milk Cess	202.12 (169.09 deposited against 371.21 under protest)	2002-2016	Supreme Court Of India
---Do---	Interest on Milk Cess	1970.45	2002-2016	Supreme Court of India
Punjab VAT Act	VAT	22.04	2013-2014	Excise and Taxation Comm.(Appeal)
Kerala VAT Act	VAT	1.40	2013-2014	High Court (Kerala)
UP VAT Act	VAT	42.93	2012-2015	Add. Comm. (Appeal) Ghaziabad, UP
Rajasthan VAT Act	VAT	34.26	2015-2016	Commercial Taxation Officer (Jaipur)
Haryana VAT Act.	VAT	12.00	2015-2016	Asstt. Commissioner (Haryana)

8. The company has not defaulted in repayment of loans or borrowing or other dues to any financial institution, bank, Government or debenture holder.
9. The company has not raised any money by initial public offer, further public offer or debt instrument during the year. The money raised by term loan has been applied for the purpose it has been raised.
10. According to the information and explanations given to us, no fraud by the company or on the company by any officer or employee has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the company, the managerial remuneration paid during the year is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the relevant details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year under review the Company has made preferential allotment of shares in compliance to the requirement of section 42 of the Companies Act 2013, and the amount so raised have been used for the purpose for which the fund were raised.
15. According to the information and explanations given to us and based on our examination of the records, the company has not entered into any non-cash transaction with directors or any person connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For P. P. Mukerjee & Associates
Chartered Accountants
Firm's Registration Number -023276N

Sd/-
P. P. Mukerjee
Proprietor

Place : New Delhi
Date : 25th May, 2016

Membership Number 089854

Annexure to the Auditor's Report

ANNEXURE B

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

We have audited the internal financial controls over financial reporting of Kwaliti Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal

control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P. P. Mukerjee & Associates
Chartered Accountants
Firm's Registration Number -023276N

Sd/-

P. P. Mukerjee
Proprietor

Place : New Delhi

Date : 25th May, 2016

Membership Number 089854