



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.

TABLE OF CONTENT

04	Corporate Information
05	Key Trends (FY 2011-2015)
06	Plant & Operation
07	Wholly Owned Subsidiary Company
08	Product Portfolio
12	Marketing Initiatives
15	Notice
24	Director's Report
32	Annexures to The Director's Report
51	Management Discussion & Analysis Report
55	Report on Corporate Governance
69	Auditor's Report & Balance Sheet (Standalone)
94	Auditor's Report & Balance Sheet (Consolidated)
117	Statement pursuant to Section 129(3) of the Companies Act, 2013

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

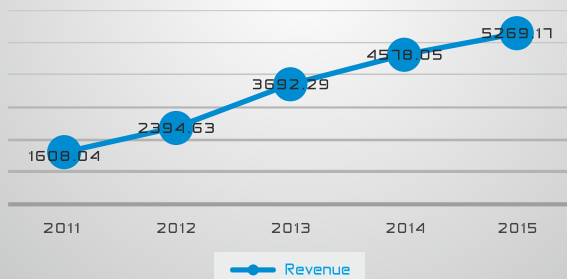
Bankers

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

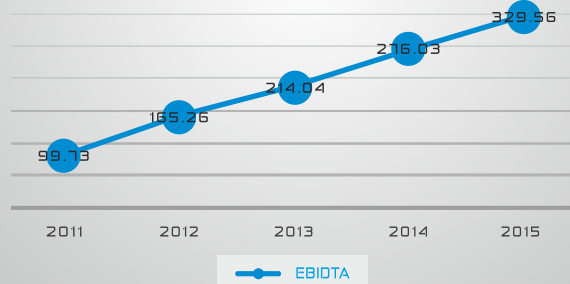
KEY TRENDS

(FY 2011-2015)

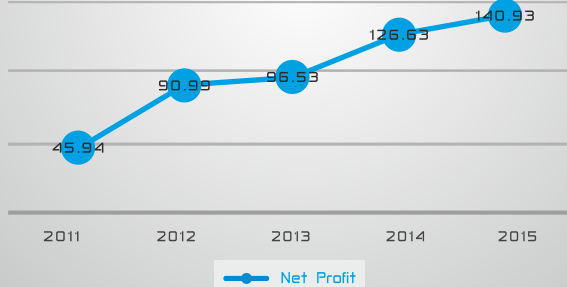
REVENUE



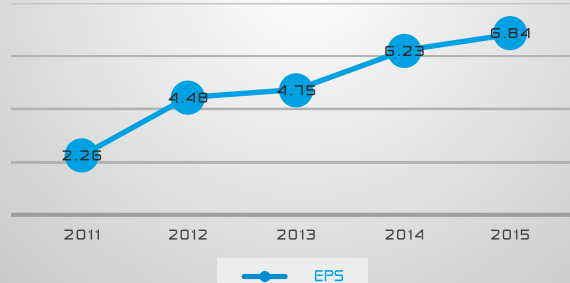
EBIDTA



NET PROFIT



EPS*

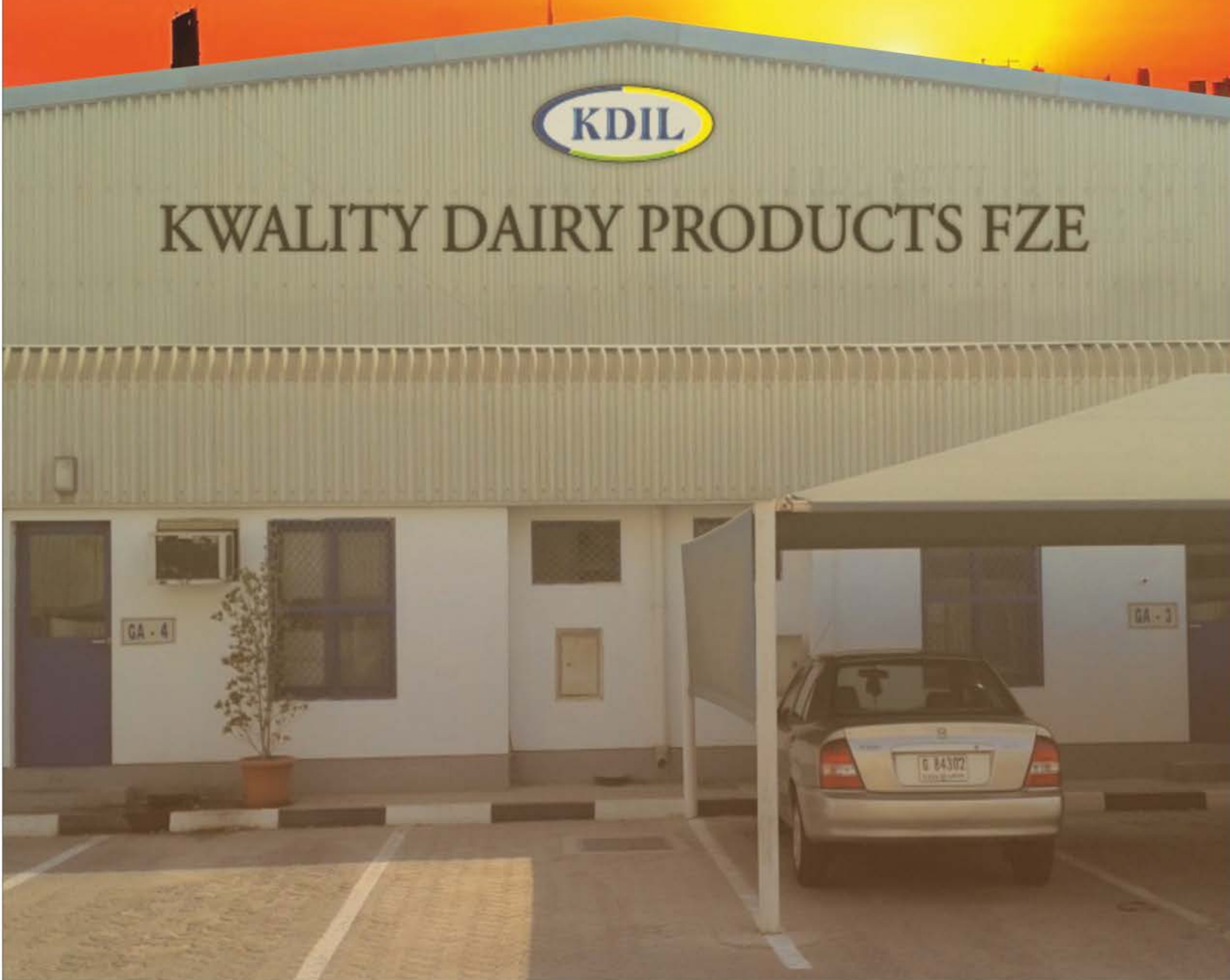


INR in Crores

* 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.