



Ideas for a new day

September 07, 2019

To, Compliance Department, <b>BSE Limited</b> , Phiroze Jeejeebhoy Tower, Dalal Street, Fort, Mumbai- 400001	To, Compliance Department, <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Complex Bandra-(E), Mumbai-400051
<b>Scrip Code:- 539889</b>	<b>Scrip Symbol :- PARAGMILK</b>

Dear Sir/Madam

**Sub: Submission of the Annual Report of the Company for the Financial Year 2018-2019 Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

This is to inform that the 27th Annual General Meeting ("AGM") of the Company will be held on Monday, September 30, 2019 at 03.30 p.m., at A wing, 5th Floor, Navalmal Firodia Seminar Hall, Mahratta Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, Senapati Bapat Road, Pune 411016, Maharashtra.

We attach herewith the 27th AGM Notice and the Annual Report for the Financial Year 2018-2019 to be approved and adopted by the Members of the Company at the said AGM as per the provisions of the Companies Act, 2013.

We request you to kindly take the same on record.

Yours faithfully,  
For **Parag Milk Foods Limited**

**Rachana Sanganeria**  
**Company Secretary & Compliance Officer**  
**ACS No. 10280**

Encl: a/a



Parag Milk Foods Ltd.,

CIN-L15204PN1992PLC070209

Regd. Office: Flat No. 1 Plot No. 19, Nav Rajasthan Co-Op Housing Society, Behind Ratna Memorial Hospital, Senapati Bapat Road, Shivaji Nagar, Pune - 411016. Ph.: +91 72764 70001

Corporate Office: 20<sup>th</sup> floor, Nirmal building, Nariman point, Mumbai - 40021 Tel.: 022-43005555 Fax: 022-43005580

Website: [www.paragmilkfoods.com](http://www.paragmilkfoods.com) | email: [investors@paragmilkfoods.com](mailto:investors@paragmilkfoods.com)



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## PARAG MILK FOODS LIMITED

CIN: L15204PN1992PLC070209

Regd. Office: Flat No.1, Plot No-19, Nav Rajasthan CHS. Shivaji Nagar, Pune – 411 016

Website: www.paragmilkfoods.com,

Email- investors@paragmilkfoods.com

Tel. No.: +91 7276470001, Fax No. 022 - 43005580

### Notice of Annual General Meeting

NOTICE is hereby given that the **Twenty Seventh Annual General Meeting ("AGM")** of the Members of **Parag Milk Foods Limited** (the "Company") will be held on Monday, September 30, 2019 at 03.30 P.M. at "A" Wing, 5th Floor, Navalmal Firodia Seminar Hall, Mahratta Chamber of Commerce Industries and Agriculture, MCCA Trade Tower, Senapati Bapat Road, Pune 411016, to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including the Audited Consolidated Financial Statements) of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare Final Dividend on equity shares at the rate of Re. 1.00/- per equity share for the financial year ended March 31, 2019.
3. To appoint a Director in place of Mr. Devendra Shah (DIN: 01127319), who retires by rotation and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS:

4. **To ratify the remuneration of Cost Auditors for the financial year ending March 31, 2020**

To consider, and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 90,000 (Rupees Ninety thousand only) plus taxes as applicable and re-imbusement of out of pocket expenses incurred in connection with the audit of cost records of the Company, payable to M/s. Harshad S. Deshpande & Associates, Pune, Cost Accountants (Firm Registration No.00378), who have been appointed by the Board of Directors as the Cost Auditors of the Company to conduct audit of cost records of the Company for the financial year ending on March 31, 2020, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) and/or Company Secretary, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

5. **To re-appoint Mr. Narendra Ambwani as an Independent Director**

To consider, and if thought fit, to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to recommendation of the Nomination & Remuneration Committee and approval of Board of Directors in their respective meetings held on July 03, 2019 and pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Regulations 16, 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Narendra Ambwani (DIN: 00236658), an Independent Director of the Company whose term of office as an Independent Director expires on May 25, 2020 and who has submitted a declaration confirming that he meets the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and being eligible for re-appointment for second term, the consent of the Members be and is hereby accorded for re-appointment of Mr. Narendra Ambwani as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the board of the company with effect from May 26, 2020 upto May 25, 2025.

**"RESOLVED FURTHER THAT** pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations, 2018"), approval be and is hereby also granted to Mr. Narendra Ambwani for his continuing as an Independent Director on attaining the age of 75 (seventy five) years during the above term of re-appointment, the continuation of such appointment as an Independent Non-Executive Director of the Company for 5 years on the same terms and conditions of such re-appointment even after attaining the age of 75 years, will be considered as requisite approval from shareholders as required in the Amendment Regulations, 2018.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as "Board", which term shall be deemed to include the "Nomination and Remuneration/Compensation Committee" of the Company), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion consider necessary, expedient or desirable and to settle any

questions, difficulties or doubts that may arise with respect to the above matter without requiring the Board to secure any further consent or approval of the Shareholders for the purpose of giving effect to this resolution.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the company, be and is hereby authorised to file necessary forms i.e. DIR-12 and MGT-14 with the Registrar of Companies, and to do all such acts, deeds and things as may be required to give effect to the said resolution.

**RESOLVED FURTHER THAT** the Company Secretary of the company be and is hereby also authorised to make necessary entries in the respective registers and records of the company.”

6. **To re-appoint Ms. Radhika Pereira as an Independent Director**

To consider, and if thought fit, to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to recommendation of the Nomination & Remuneration Committee and approval of Board of Directors in their respective meetings held on July 03, 2019 and pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Regulations 16, 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Ms. Radhika Pereira (DIN: 00016712), an Independent Director of the Company whose term of office as an Independent Director expires on May 25, 2020 and who has submitted a declaration confirming that she meets the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and being eligible for re-appointment for second term, the consent of the Members be and is hereby accorded for re-appointment of Ms. Radhika Pereira as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the board of the company with effect from May 26, 2020 upto May 25, 2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as “Board”, which term shall be deemed to include the “Nomination and Remuneration/Compensation Committee” of the Company), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion consider necessary, expedient or desirable and to settle any questions, difficulties or doubts that may arise with respect to the above matter without requiring the Board to secure any further consent or approval of the Shareholders for the purpose of giving effect to this resolution.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the company, be and is hereby authorised to file necessary forms i.e. DIR-12 and MGT-14 with the Registrar

of Companies, and to do all such acts, deeds and things as may be required to give effect to the said resolution.

**RESOLVED FURTHER THAT** the Company Secretary of the company be and is hereby also authorised to make necessary entries in the respective registers and records of the company.”

7. **To re-appoint Mr. Nitin Dhavalikar as an Independent Director**

To consider, and if thought fit to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to recommendation of the Nomination & Remuneration Committee and approval of Board of Directors in their respective meetings held on July 03, 2019 and pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Regulations 16, 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Nitin Dhavalikar (DIN: 07239870), an Independent Director of the Company whose term of office as an Independent Director expires on July 27, 2020 and who has submitted a declaration confirming that he meets the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and being eligible for re-appointment for second term, the consent of the Members be and is hereby accorded for re-appointment of Mr. Nitin Dhavalikar as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the board of the company with effect from July 28, 2020 upto July 27, 2025.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as “Board”, which term shall be deemed to include the “Nomination and Remuneration/Compensation Committee” of the Company), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion consider necessary, expedient or desirable and to settle any questions, difficulties or doubts that may arise with respect to the above matter without requiring the Board to secure any further consent or approval of the Shareholders for the purpose of giving effect to this resolution.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the company, be and is hereby authorised to file necessary forms i.e. DIR-12 and MGT-14 with the Registrar of Companies, and to do all such acts, deeds and things as may be required to give effect to the said resolution.

**RESOLVED FURTHER THAT** the Company Secretary of the company be and is hereby also authorised to make necessary entries in the respective registers and records of the company.”

8. **To approve Parag Milk Foods Limited (PMFL) - Employee Stock Option Scheme 2019 (ESOP 2019/ Parag ESOS 2019)".**

To consider, and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013, and Rules framed there under, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations), Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "SBEB Regulations"), issued by the Securities and Exchange Board of India ("SEBI") and subject to such other approvals, permissions and sanctions as may be necessary from time to time and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Members be and is hereby accorded respectively to the 'PMFL- Employees Stock Option Scheme 2019' (hereinafter referred to as the "ESOP 2019") and to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration /Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time such number of options, to the permanent employees including Directors (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), whether whole-time or otherwise, whether working in India or out of India, as may be decided solely by the Board under the Scheme, exercisable into not more than 10,00,000 (Ten Lakhs only) Options, each Option giving the right but not the obligation to the holder to subscribe for cash to one fully paid-up Equity Share in the Company, of face value of Rs 10/- each, directly by the Company and at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the ESOP 2019 and in due compliance with the applicable laws and regulations in force.

**RESOLVED FURTHER THAT** outstanding Options granted under ESOP 2019 before any issue of bonus shares or stock splits or consolidation of shares shall be suitably adjusted for the number as well as the exercise price as applicable

and such outstanding Options may be further adjusted at the discretion of the Board for any corporate action(s);

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to devise, formulate, evolve, decide upon and bring into effect ESOP 2019 as per the terms approved in this resolution read with the Statement annexed to this Notice and at any time to modify, alter or amend the said terms or suspend, withdraw or terminate ESOP 2019, subject to compliance with the SBEB Regulations and other applicable laws, rules and regulations, as may be prevailing at that time

**RESOLVED FURTHER THAT** the Securities may be allotted in accordance with ESOP 2019 through the existing trust, (Parag Milk Foods Employee Stock Option Trust) as set up in accordance with the SBEB Regulations;

**RESOLVED FURTHER THAT** the equity shares so issued and allotted under ESOP 2019 shall rank pari passu with the existing equity shares of the Company;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the Securities allotted under ESOP 2019 on the Stock Exchanges, where the equity shares of the Company are listed as per the provisions of the Listing Regulations and other applicable laws, rules and regulations;

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to ESOP 2019;

**RESOLVED FURTHER THAT** the Board including the Nomination and remuneration Committee be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the members of the Company to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and further to execute all such deeds, documents, writings and to give such directions and / or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of ESOP 2019 and to take all such steps and do all acts as may be incidental or ancillary thereto."

Place: Mumbai  
Date: August 02, 2019

**By the Order of Board of Directors**

Rachana Sanganerla  
Company Secretary & Compliance Officer

Registered Office:  
Flat No. 1, Plot No. 19  
Nav Rajasthan Co Op Hsg Soc.,  
Behind Ratna Memorial Hospital  
S.B. Road, Shivaji Nagar, Pune - 411016, Maharashtra

## NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than 48 hours before the commencement of the AGM. Proxies submitted on behalf of companies, societies etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding 50 (Fifty) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. Corporate Members intending to send their authorised representative(s) to attend the AGM are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the AGM to the Company as follows:
  - i. In case of remote e-voting, Authorizations should be received by the scrutiniser/the Company on or before closing of e-voting.
  - ii. If the representative wishes to attend the Meeting in person to vote thereat, the letter of appointment/authorization, as the case may be, shall be submitted before the commencement of the Meeting.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act") relating to the special business to be transacted at the AGM is annexed hereto. All relevant documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during business hours except on Saturday, Sundays or holidays, up to and including the date of the AGM.
4. Pursuant to Regulations 26(4) and 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meetings details in respect of Directors seeking appointment /re-appointment of Directorship at this AGM are appended to this Notice.
5. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the register of Members of the Company will be entitled to vote.
6. The final dividend on equity shares, recommended by the Board, if declared at the AGM, will be paid on or before Tuesday, October 29, 2019 as under:
  - a) in respect of shares held in physical form, the dividend will be paid to those Members whose names appear on the Company's Register of Members as on September 23, 2019
  - b) in respect of the shares held in dematerialised mode, the dividend will be paid to Members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on September 23, 2019.
7. The Company's Registrar & Transfer Agent ('R&TA') for its share registry (both, physical as well as electronic) is Karvy Fintech Private Limited ("Karvy") having its office at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 (Unit: Parag Milk Foods Limited). Pursuant to Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended, with effect from April 01, 2019, transfer of securities of the Company would be carried out in dematerialized form only, except in case of transmission or transposition of securities.
8. Pursuant to Section 91 of the Act, Register of Members and Share Transfer Books of the Company shall remain closed from **Tuesday, September 24, 2019 to Monday, September 30, 2019** (both days inclusive) for the purpose of the AGM.
9. The Register of Directors and Key Managerial Personnel and their shareholdings, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Act, will be made available for inspection by the Members at the AGM.
10. Members holding shares in electronic mode may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or Karvy cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant (DP) by the Members.
11. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / Karvy.
12. Members / proxies / authorised representatives are requested to bring to the Meeting the necessary details of their shareholding, attendance slip (s), identity proof and copy(ies) of the Annual Report.
13. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participant(s) with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to Karvy (R&TA).
14. Members who hold shares in physical mode in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.
15. Members who have not registered / updated their e-mail addresses with Karvy, if shares are held in physical mode

or with their DPs, if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically.

16. Electronic copy of the Annual Report for FY 2018-19 and the Notice of 27th Annual General Meeting ("AGM") along with Attendance Slip and Proxy Form are being sent to all the Members whose e-mail addresses are registered with the Company/Depository Participant(s) for communication purposes, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report for FY 2018-19 and the Notice along with Attendance Slip and Proxy Form are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/Depositories. Members may note that the Notice of the AGM of the Company and the Annual Report will also be available on the website of the Company [www.paragmilkfoods.com](http://www.paragmilkfoods.com) and on the website of Karvy Fintech Private Limited ("Karvy") [www.evoting.karvy.com](http://www.evoting.karvy.com)
17. Members are requested to note that as per Section 124 of the Companies Act, 2013, dividends not encashed/claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). No claims in this respect shall lie against the Company.
18. A route map giving directions to reach the venue of the AGM is given at the end of the Notice.

#### 19. Voting:

1. In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the SEBI Listing Regulations, and the Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Companies Secretaries of India, the Members are provided with the facility to cast their vote electronically, ("e-voting") on all the resolutions set forth in this Notice. The Members may cast their vote(s) using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
  - i. The facility for voting through electronic voting system ('Insta Poll') or ballot paper shall also be made available at the AGM. Members attending the Meeting who have not cast their vote(s) by remote e-voting shall be able to exercise their right to vote at the AGM.
  - ii. The Members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again.
  - iii. A Member can opt for only single mode of voting, that is, through remote e-voting or voting at the AGM. If a Member casts vote(s) by both modes, then voting done through remote e-voting shall

prevail and vote(s) cast at the AGM shall be treated as "INVALID".

- iv. The Company has engaged the services of Karvy Fintech Private Limited ('Karvy') as the Agency to provide e-voting facility.
- v. The Board of Directors of the Company has appointed Mr. Chaitanya Udgirkar, Associate Company Secretary, Legasis Services (Membership Number: 49740 and PCS No. 18161), as Scrutiniser to scrutinise the remote e-voting and Insta Poll process in a fair and transparent manner.
- vi. The voting right of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on Monday, September 23, 2019 ("cut-off date")
- vii. **A person, whose name is recorded in the register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting / Insta Poll. A person who is not a Member as on the cut-off date, should treat this Notice for information purpose only.**
- viii. Any person who becomes a Member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date may obtain the User ID and password from Karvy in the manner as mentioned below.
  - a. If the mobile number of the Member is registered against Folio No. / DP ID Client ID, the Member may send SMS.
    - b. MYEPWD<space> E-Voting Event Number+ Folio No. or DP ID Client ID to 9212993399
 

Example for NSDL:  
MYEPWD <SPACE> IN12345612345678

Example for CDSL:  
MYEPWD <SPACE> 1402345612345678

Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
  - c. If e-mail address or mobile number of the Member is registered against Folio No. / DP ID Client ID, then on the home page of [www.evoting.karvy.com](http://www.evoting.karvy.com), the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - d. Member may call on Karvy's toll-free number: 1800-3454-001 (from 9.00 a.m. to 6.00 p.m.).
  - e. Member may send an e-mail request for e-voting at [evoting@karvy.com](mailto:evoting@karvy.com) /[mohsin.mohd@karvy.com](mailto:mohsin.mohd@karvy.com).

If the Member is already registered with Karvy e-voting platform, then he can use his existing User ID and password for casting the vote(s) through remote e-voting.

ix. **The remote e-voting facility will be available during the following period:**

- **Commencement of remote e-voting: From 9:00 a.m. (IST) on Friday, September 27, 2019**
- **End of remote e-voting: Up to 5:00 p.m. (IST) on Sunday, September 29, 2019.**

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be disabled by Karvy upon expiry of the aforesaid period.

The Company has opted to provide the same electronic voting system at the AGM, as used during remote e-voting and the said facility shall be operational till all the resolutions proposed in the Notice are considered and voted upon at the AGM and may be used for voting only by the Members holding shares as on the cut-off date who are attending the AGM and who have not already cast their vote(s) through remote e-voting.

x. The Scrutiniser will, after the conclusion of e-voting at the AGM, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The results will be declared within 48 hours after the AGM. The result declared along with the consolidated Scrutiniser's Report will be placed on the website of the Company: [www.paragmilkfoods.com](http://www.paragmilkfoods.com) and on the website of Karvy at: [www.evoting.karvy.com](http://www.evoting.karvy.com). The result will simultaneously be communicated to the stock exchanges, BSE Limited and National Stock Exchange of India Limited where the shares of the Company as listed. The Results shall also be displayed on the Notice Board at the Registered Office of the Company.

xi. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the AGM, that is, Monday, September 30, 2019.

xii. Information and instructions relating to remote e-voting:

**1. A. In case a Member receives an e-mail from Karvy [for Members whose e-mail addresses are registered with the Company / Depository Participant(s)]:**

- (a) Launch internet browser by typing the URL: [www.evoting.karvy.com](http://www.evoting.karvy.com)

- (b) Enter the login credentials (that is, User ID and Password) which are printed and available in the communication with respect to voting by electronic means enclosed with the Notice and forms an integral part of it.

The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote(s). If required, please visit [www.evoting.karvy.com](http://www.evoting.karvy.com) or contact toll-free number 1800-3454-001 (from 9.00 a.m. to 6.00 p.m.) for your existing password.

- (c) After entering these details appropriately, click on "LOGIN".

- (d) You will now reach Password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- (e) You need to login again with the new credentials.

- (f) On successful login, the system will prompt you to select the E-Voting Event Number for Parag Milk Foods Limited.

- (g) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under either "FOR" or "AGAINST" or alternatively, you may partially enter any number under "FOR" / "AGAINST", but the total number under "FOR" / "AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

- (h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as "ABSTAINED".
- (j) You may then cast your vote by selecting an appropriate option and click on "SUBMIT".
- (k) A confirmation box will be displayed. Click "OK" to confirm, else "CANCEL" to modify.
- (l) Once you confirm, you will not be allowed to modify your vote.
- (m) Corporate / Institutional Members (that is, other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail id: chaitanya.u@legasis.co.in with a copy marked to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."
- B. In case a Member receives **physical copy of the Notice by Post** [for Members whose e-mail addresses are not registered with the Company / Depository Participant(s)]:

- a) User ID and initial password - Initial password is provided in the below given format in the communication with respect to voting by electronic means enclosed with the Notice and forms integral part of it:

EVEN (E-voting Event Number)	User ID	Password

- b) Please follow all steps from Sr. No. (a) to (m) as mentioned in (A) above, to cast your vote.
- You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending further communication(s).
  - During the voting period, Members can login to Karvy's e-voting platform any number of times till they have voted on all the Resolutions. Once the vote on a resolution is cast by a Member, whether partially or otherwise, the Member shall not be allowed to change it subsequently or cast the vote again.
  - In case of any query pertaining to e-voting, Members may refer to the "Help" and "FAQs" sections / E-voting user manual available at the "Downloads" section of Karvy's website for e-voting: [www.evoting.karvy.com](http://www.evoting.karvy.com) or contact Karvy as per the details given under point no. 5.
  - The Members are requested to note the following contact details for addressing e-voting grievances:

Shri Mohd Mohsin Uddin-Senior Manager  
 Karvy Fintech Private Limited  
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
 Financial District, Nanakramguda, Hyderabad 500032  
 Toll-free No.: 1800-3454-001  
 Phone: (040) 67161562/67161583  
 E-mail: [evoting.parag@karvy.com](mailto:evoting.parag@karvy.com) /  
[mohsin.mohd@karvy.com](mailto:mohsin.mohd@karvy.com)

Place: Mumbai  
 Date: August 02, 2019

**By the Order of Board of Directors**

Rachana Sanganeria  
 Company Secretary & Compliance Officer

Registered Office:  
 Flat No. 1, Plot No. 19  
 Nav Rajasthan Co Op Hsg Soc.,  
 Behind Ratna Memorial Hospital  
 S.B. Road, Shivaji Nagar, Pune - 411016, Maharashtra



## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("The Act")

The following Statements sets out all material facts relating to the Special Business mentioned in the Notice.

### Item No. 4: Ratification of Cost Auditors Remuneration.

The Board in its Meeting held on May 11, 2019 on the recommendation of the Audit Committee, has approved the appointment of M/s Harshad S. Deshpande & Associates, Cost Accountants as the Cost Auditors, to conduct the audit of the cost records of the Company for the financial year 2019-2020 at a remuneration of ₹ 90,000 per annum (Rupees Ninety Thousand Only) plus taxes and re-imbursment of out of pocket expenses incurred, if any, M/s. Harshad S. Deshpande & Associates, Cost Accountants, have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company and confirmed that they are not disqualified under the provisions of Sections 148(5).

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

The Board recommends resolution set forth in Item No. 4 for the approval of the Members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested financially or otherwise in the proposed Ordinary Resolution set out at Item No. 4 of the Notice.

### Item Nos. 5 to 7: Re-appointment of Independent Directors

As per the provisions of Sections 149, 152 and Schedule IV of the Act read with relevant Rules made thereunder as amended, the Company had appointed at the Twenty Third Annual General Meeting of the Company Mr. Narendra Ambwani, Ms. Radhika Pereira as Independent Directors as per the requirement of the Act w.e.f. May 26, 2015 for a term of five consecutive years up to May 25, 2020, and also Mr. Nitin Dhavalikar as Independent Director w.e.f. July 28, 2015 for a term of five consecutive years up to July 27, 2020.

As the above-named Independent Directors shall be completing their first term of appointment upon completion of five years on May 25, 2020, and July 27, 2020 respectively as mentioned above, they are eligible for re-appointment for another term of five consecutive years subject to approval of the Members by Special Resolutions. The performance evaluation of Independent Directors was conducted by the entire Board of Directors (excluding the Director being evaluated). Based on the performance evaluation, the Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on July 03, 2019, have recommended the re-appointment of Mr. Narendra Ambwani, Ms. Radhika Pereira and Mr. Nitin Dhavalikar as "Independent Directors", not liable to retire by rotation, for a second term of five consecutive years commencing from May 26, 2020 upto May 25, 2025, for Mr. Ambwani & Ms. Pereira and for Mr. Dhavalikar from July 28, 2020 upto July 27, 2025, subject to approval of the Members by special resolutions at the ensuing 27th Annual General Meeting of the Company. All the above named Independent Directors have consented to their re-appointment and confirmed that

they do not suffer from any disqualifications which stand in any way of their re-appointment as Independent Directors.

The Company has received declarations from the above named Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for their re-appointment as Independent Directors of the Company and are independent of the management.

In the opinion of the Board, the aforesaid Directors fulfil the conditions specified in the Act read with the rules made thereunder and SEBI Listing Regulations for being appointed as Independent Directors of the Company and are independent of the management.

The Company has also received notice from Members under Section 160 of the Act, proposing their re-appointment as Independent Director.

In terms of Regulation 17 (1A) of SEBI Listing Regulations, approval of Members by way of special resolution is required to appoint or continue the directorship of Non-Executive Directors who have attained or would be attaining the age of 75 years. Mr. Narendra Ambwani if re-appointed for a period of five years, shall attain the age of 75 years during his tenure of proposed re-appointment as Independent Director. Accordingly, the approval of Members for re-appointment of Mr. Narendra Ambwani as Independent Director, is sought by way of special resolution.

Brief Resume of Mr. Narendra Ambwani, Ms. Radhika Pereira and Mr. Nitin Dhavalikar are provided separately in this Notice.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of above named Independent Directors. Accordingly, the Board recommends Special Resolution, as set out at Item Nos. 5, 6, and 7 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, other than the concerned Independent Directors and their relatives are in any way deemed to be concerned or interested (financially or otherwise), in the proposed Special Resolution set out at Item Nos. 5, 6, and 7 of the Notice.

### Item No. 8: To approve Parag Milk Foods Limited (PMFL) - Employees Stock Option Scheme 2019 (ESOS 2019)

Stock options in the hands of the employees have long been recognized as an effective instrument to align the interests of the employees with that of the Company and its shareholders, providing an opportunity to the employees to share in the growth of the Company and to create wealth in the hands of the employees.

Accordingly, the Company intends to reward, attract, motivate and retain employees and directors of the Company, for their high level of individual performance and for their efforts to improve the financial performance of the Company.

The eligible employees shall be granted employee stock options in the form of options ("Options") which will be exercisable into equity shares of Rs. 10/- each of the Company (the "Equity Shares") upon such terms and conditions applicable to the Options, as the case may be.

Towards this end, the Company has proposed to approve and adopt the 'Parag Milk Foods Limited (PMFL) - Employees Stock Option Scheme 2019 (ESOS 2019) (hereinafter referred to as the "ESOP 2019"). The Board of Directors including the Nomination and Remuneration Committee (NRC) of the Company through a resolution dated July 03, 2019 approved the broad framework of the Scheme.

The Members are informed that the Company intends to offer not more than 10,00,000 (Ten Lakhs Only) Equity Shares under the Scheme by way of grant of Options. The Scheme will be administered by the Nomination and Remuneration Committee of the Board constituted pursuant to the provisions of Section 178 of the Companies Act, 2013, through a trust, viz. the Parag Milk Foods Employee Stock Option Trust ("ESOP Trust") already setup for this purpose.

To promote the culture of employee ownership, approval of Members is also being sought for grant of Stock Options to eligible employees and directors of the Company.

The Scheme is being formulated in accordance with the Securities and Exchange Board of India Share Based Employee Benefits Regulations, 2014 ("SBEB Regulations"). Relevant details with respect to the aforementioned Scheme are as follows:

**(i) Total number of Options (the "Stock Options") to be granted:**

The total number of Stock Options that may be granted shall be such number that would entitle the grantees to acquire, in one or more tranches, such equity shares of the Company not exceeding 10,00,000 (Ten Lakhs only) equity shares of Rs. 10/- each (the "Equity Shares").

Upon exercise, each Stock Option entitles the relevant grantee to one Equity Share (i.e. one Option will entitle the grantee to one Equity Share).

In case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division split or consolidation and others, a fair and reasonable adjustment needs to be made to the Stock Options granted. In this regard, the Committee shall adjust the number and price of the options granted in such a manner that the total value of the options granted under ESOP 2019 remain the same after any such corporate action. Accordingly, if any additional options are granted by the Company to the grantees for making such fair and reasonable adjustment, the ceiling of 10,00,000 (Ten Lakhs only) shall be deemed to be increased to the extent of such additional options issued.

Stock Options not vested due to non-fulfilment of the vesting conditions, vested Stock Options which the grantees expressly refuse to exercise, Stock Options (vested and not exercised and unvested) which have been surrendered and any Stock Options granted but not vested or exercised within the stipulated time due to any reasons, shall lapse and these Stock Options or the underlying

Equity Shares will be available for grant under the present Scheme or under a new scheme, subject to compliance with applicable laws.

**(ii) Identification of classes of employees entitled to participate in the Scheme**

Employees entitled to participate in the scheme are:

- (i) a permanent employee of the Company working in India or out of India; or
- (ii) a Director of the Company, whether a whole time director or not; or
- (iii) an employee, as defined in sub-clauses (i) or (ii) in this Para, of a Subsidiary Company, in India or outside of India, or of a Holding Company of the Company, but excludes-
  - a) an employee who is a promoter or belongs to the promoter group;
  - b) an Independent Director within the meaning of the Companies Act and/or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - c) a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company.

**(iii) Requirements of vesting and period of vesting**

The vesting period will be decided by the NRC as and when any grant takes place, However there shall be a minimum period of one year between grant and vesting and a maximum vesting period of 5 years, before the options can be exercised.

The NRC/Board may also specify certain performance parameters subject to which the options would vest. The specific vesting dates, schedule and conditions subject to which vesting would take place would be according to the letter of grant given to the option grantee at the time of grant of options

As a prerequisite for a valid vesting, an Option Grantee is required to be in employment or service of the Company on the date of Vesting and must neither be serving his notice for termination of employment/services, nor be subject to any disciplinary proceedings pending against him on the such date of vesting.

**(iv) Maximum period within which the options shall be vested**

All the options granted on any date shall vest not later than a maximum of 5 (five) years from the date of grant of options as may be determined by the Committee.

**(v) Exercise price or pricing formula**

The Exercise Price per Option shall be not less than face value of Shares and shall be as decided by the Nomination and Remuneration Committee in accordance with the SBEB Regulations. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such manner as the NRC may decide from time to time.

**vi) Exercise period or process of exercise**

The Grantee may exercise all or any of the Options Granted under the Scheme at Exercise Price as communicated. While in employment, the Exercise Period shall be 5 (five) years from the date of grant of Options

Applications duly filled in and signed by the Grantees and payment towards Exercise Price should be sent to the Parag ESOP Trust for allotment of shares against Options. In case the Eligible Employees do not exercise the Options within the Exercise Period, the Options shall lapse on the expiry of the Exercise Period and no rights will accrue after that date.

**vii) The Appraisal process for determining the eligibility of employees**

The appraisal process for determining the eligibility of the employee will be specified by the Board or the Nomination and Remuneration Committee, and will be based on criteria, such as role/criticality of the employee, length of service with the Company, work performance, contribution towards strategic growth, technical knowledge, managerial level, future potential and such other criteria that may be determined by the Board or the Nomination and Remuneration Committee, as applicable, at its sole discretion.

The Board or the Nomination and Remuneration Committee may decide to extend the benefits of the Scheme to new entrants or to existing employees on such basis as it may deem fit, in accordance with applicable law.

**viii) Maximum number of Stock Options to be issued per employee and in aggregate**

The maximum number of Options that may be granted to each Employee shall vary depending upon the designation and the appraisal/assessment process. However, the number of Stock Options that may be granted to a single employee under the Scheme shall not exceed 1% of the paid up equity share capital at the time of grant of Stock Options (which shall be adjusted in lieu of adjustments/re-organisation of capital structure of the Company from time to time). The aggregate of all such Stock Options shall not result into more than 10,00,000 (Ten Lakhs only) Equity Shares which shall be adjusted in lieu of corporate actions, adjustments/ re-organisation of capital structure of the Company from time to time.

The Nomination and Remuneration Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within the ceiling.

**ix) Maximum quantum of benefits to be provided per employee under the ESOS 2019**

The maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise of options.

**x) Disclosure and accounting policies**

The Company shall follow the guidance note on Accounting for Employee Share based payments and comply with such applicable disclosure and accounting policies as prescribed by the SBEB Regulations and those prescribed by the concerned authorities from time to time.

**xi) Implementation and Administration of Scheme**

The Scheme shall be administered by the Nomination and Remuneration Committee through the existing trust, viz. the Parag Milk Foods Employee Stock Option Trust ("ESOP Trust") already setup for this purpose.

**xii) Sources of acquisition of shares under the ESOS 2019**

The Company intends to offer not more than 10,00,000 (Ten Lakhs only) Equity Shares under the Scheme by way of grant of Options. The ESOP 2019 contemplates fresh/new issue of shares by the Company. The Trust will not be acquiring shares of the Company through acquisition from secondary market.

**xiii) The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.**

The Company may provide an interest free unsecured loan to the Trust to the extent required by it for the purchase of and/or subscription to equity shares of the Company for the purpose of issue of equity shares to the Employees of the respective company on exercise of stock options granted to them. The loan will be repaid by the Trust to the respective company upon receipt of exercise price by the Trust on exercise of stock options.

**xiv) Maximum percentage of secondary acquisition**

This is not relevant under the present ESOS 2019

**xv) Method of Stock Options' valuation**

The Company shall adopt fair value method or any other method as prescribed under Guidance Note or under any relevant accounting standards notified by the Institute of Chartered Accountants of India or prescribed under any other statutory provisions from time to time for valuation of options.

**xvi) Transferability of Stock Options**

The Stock Options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of a Stock Option holder while in employment, the right to exercise all the Stock Options granted to him till such date shall be transferred to his legal heirs or nominees, as prescribed.

**xvii) Other Terms**

The Board or Nomination and Remuneration Committee shall have the absolute authority to vary or modify the terms of the Scheme in accordance with the regulations and guidelines prescribed by Securities and Exchange Board of India, including in terms of the SBEB Regulations or regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the employees who have been granted stock options under the Scheme.

**xviii) Declaration**

In case the Company has opted for Intrinsic Value method for expensing of the benefits of the scheme, the difference between the Employee compensation cost so computed and the Employee compensation cost that shall have been recognized if it had used the Fair Value, shall be disclosed in the Directors' Report and the impact of this difference on profits and on Earnings Per Share ("EPS") of the Company shall also be disclosed in the Directors' Report.

Regulation 6(1) of SBEB Regulations requires that every employee stock option scheme shall be approved by the members of the company by passing a special resolution in a general meeting.

Further, as ESOP 2019 will entail further issue of shares, consent of the Members is required by way of a special resolution pursuant to Section 62(1)(b) of the Companies Act, 2013. Accordingly, the Special Resolution set out at Item No. 8 of this Notice is proposed for approval by Members.

The options to be granted under ESOP 2019 shall not be treated as an offer or invitation made to public for subscription

of securities of the Company. The ESOP 2019 conforms to the SBEB Regulations.

Directors / Key Managerial Personnel of the Company / their relatives who may be granted Options under ESOP 2019 may be deemed to be concerned or interested in the Special Resolution. Save as aforesaid, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said Special Resolution.

The Board recommends the Special Resolution set forth in Item No. 8 for approval of the Members.

Place: Mumbai  
Date: August 02, 2019

Registered Office:  
Flat No. 1, Plot No. 19  
Nav Rajasthan Co Op Hsg Soc.,  
Behind Ratna Memorial Hospital  
S.B. Road, Shivaji Nagar,  
Pune - 411016, Maharashtra

**By the Order of Board of Directors**

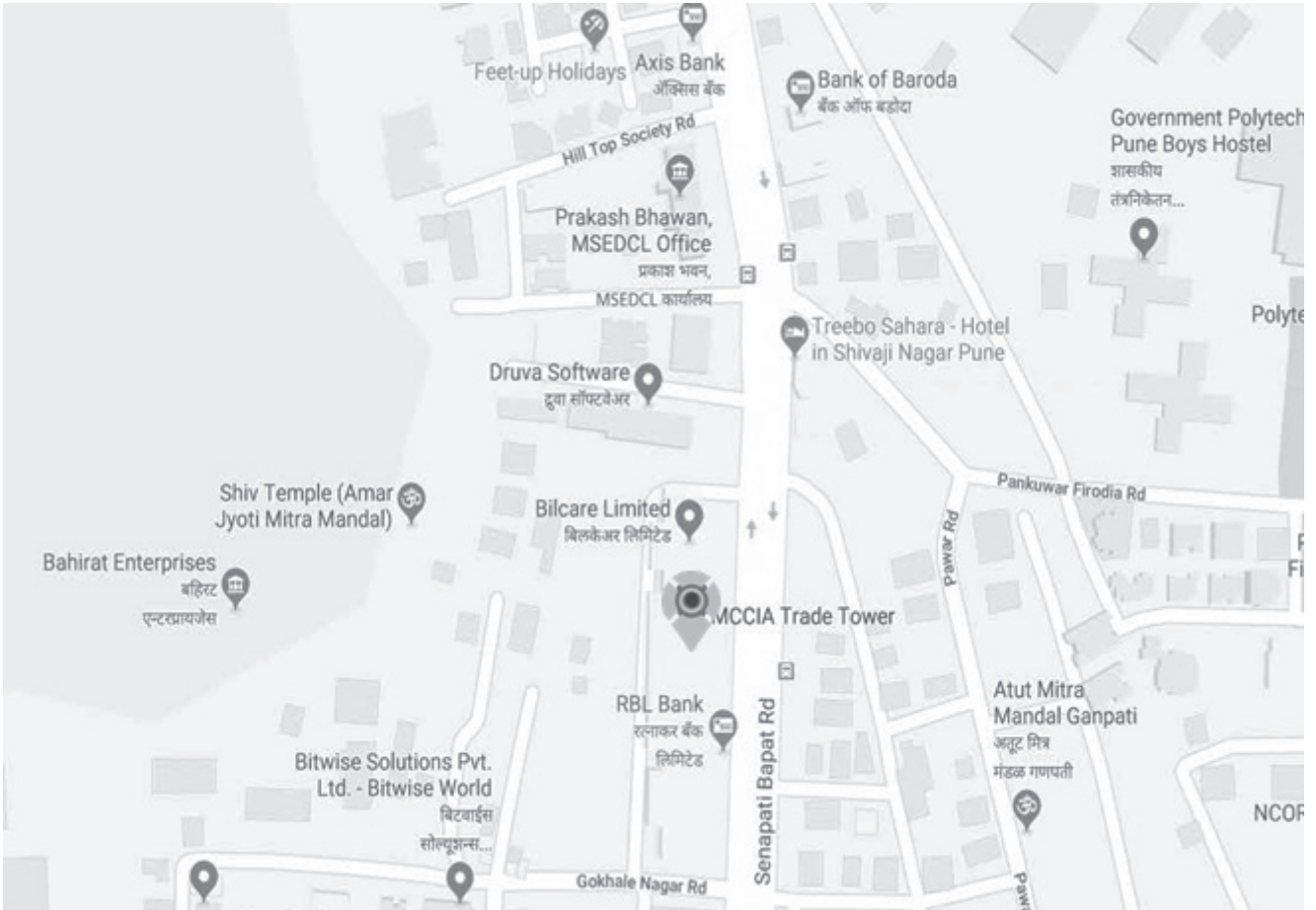
Rachana Sanganeria  
Company Secretary & Compliance Officer

## ANNEXURE 1

Brief resume of Directors seeking Re-appointment at the 27th Annual General Meeting of the Company (Pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015

Name of the Director	Mr. Devendra Shah	Mr. Narendra Ambwani	Ms. Radhika Pereira	Mr. Nitin Dhavalikar
Director Identification Number	01127319	00236658	00016712	07239870
Date of birth	05/06/1964	15/11/1948	29/06/1970	27/11/1970
Date of first appointment on the Board	29/12/1992	26/05/2015	26/05/2015	28/07/2015
Relationship with Director and Key Managerial Personnel	Brother of Pritam Shah – Managing Director	None	None	None
Qualification	B.Com	Bachelor's degree in Electrical Engineering	LLM	Chartered Accountant
Nature of expertise in specific functional areas	Entrepreneur, visionary who has conceptualised, launched, and established the Company Parag Milk Foods Limited and promoted it to new heights. He has more than 25 year of rich experience in Dairy Industry. He is actively involved in agricultural activities and elevation of farming community	Mr. Ambwani holds a bachelor's degree in electrical engineering from the Indian Institute of Technology, Kanpur. He has an experience of over 35 years in the consumer product industry and has also served as a Managing Director of Johnson & Johnson's Consumer group. Having an expertise in the advertising and marketing field, he provides strategic guidance and assists the company in implementing the best marketing strategies and Advertising campaigns	Ms. Radhika Pereira is a graduate of Life Sciences and Law from the University Of Mumbai and has done her Masters of Law from University Of Cambridge and Harvard University. She is a practicing corporate lawyer and is currently working with Shardul Amarchand Mangaldas & Co. as a partner. She has been involved with a wide range of transactional work in areas of project finance for infrastructure and development projects, corporate finance and intellectual property rights-related issues and has also worked on transactions related to property law & real estate, alternate dispute mechanism strategy, legal risk management, private equity, off-shore fund structuring and contractual documentation.	Mr. Nitin Dhavalikar holds a Bachelor's and a Master's degree in Commerce from Pune University. He is also a qualified Chartered Accountant. He has rich and diverse experience in technical, commercial, corporate leadership, entrepreneurship and corporate governance. He is adept at building teams with shared vision and guiding them for effective execution of plans
Number of Equity Shares held in the Company as on March 31 2019	1,50,06,400 Equity Shares	1000 Equity Shares	Nil	Nil
Directorship held in other Listed Companies	Nil	1) Godrej Consumer Products Limited 2) Agro Tech Foods Limited 3) RPG Life Sciences Limited	1) Fairchem Speciality Limited 2) Essel Propack Limited 3) Jain Irrigation Systems Limited 4) Tips Industries Limited	Nil
Number of Board Meetings of the Company attended	5	3	4	5
Chairmanship / Membership of Committees of other Boards as on March 31, 2019	None	Holds Membership in 3 Committees of other Board and Chairman of none	Holds Membership in 2 Committees of other Boards and Chairman of 2 Committees of other Boards	None
Terms and conditions of appointment and re-appointment	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website at <a href="http://www.paragmilkfoods.com">www.paragmilkfoods.com</a> He is an Executive Director liable to retire by rotation.	As per the resolution at item no. 5 of the Notice convening 27th Annual General Meeting on September 30, 2019 read with explanatory statement thereto.	As per the resolution at item no. 6 of the Notice convening 27th Annual General Meeting on September 30, 2019 read with explanatory statement thereto.	As per the resolution at item no. 7 of the Notice convening 27th Annual General Meeting on September 30, 2019 read with explanatory statement thereto.

The route map of the AGM venue is given below:





Ideas for a new day

# PARAG MILK FOODS LIMITED

CIN: L15204PN1992PLC070209

Regd. Office: Flat No.1, Plot No-19, Nav Rajasthan CHS. Shivaji Nagar, Pune – 411 016

Website: www.paragmilkfoods.com, Email- investors@paragmilkfoods.com

Tel. No.: +91 7276470001 Fax No. 022- 43005580

## 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

Name of the Member(s): .....

Registered address: .....

E-mail ID: ..... Folio No./Client ID: .....

DP ID: .....

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

- Name ..... Address: .....  
E-mail ID: ..... Signature: ....., or failing him/her .....
- Name ..... Address: .....  
E-mail ID: ..... Signature: ....., or failing him/her .....
- Name ..... Address: .....  
E-mail ID: ..... Signature: ....., or failing him/her .....

as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Company to be held on Monday, September 30, 2019, at 03:30 p.m., at A wing, 5th Floor, Navalmal Firodia Seminar Hall, Mahratta Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, Senapati Bapat Road, Pune 411016 , and at any adjournment thereof in respect of the Resolutions as are indicated below:

Item No.	Resolution	No. of Shares	For*	Against*
1	<b>Ordinary Resolution:</b> Adoption of the Audited Standalone Financial Statements (including the Audited Consolidated Financial Statements) and the Reports of the Board of Directors and the Auditors thereon for the financial year ended March 31, 2019			
2	<b>Ordinary Resolution:</b> Declaration of Dividend on equity shares for the financial year ended March 31, 2019.			
3	<b>Ordinary Resolution:</b> Re-Appointment of Mr. Devendra Shah (DIN: 01127319) as Director, liable to retire by rotation.			
4	<b>Ordinary Resolution:</b> Ratification of Remuneration of M/s. Harshad S. Deshpande & Associates, Cost Auditors. (Firm Registration No. 00378).			
5	<b>Special Resolution:</b> Re-appointment of Mr. Narendra Ambwani (DIN: 00236658) as an independent Director.			
6	<b>Special Resolution:</b> Re-appointment of Ms. Radhika Pereira (DIN: 00016712) as an Independent Director.			
7	<b>Special Resolution:</b> Re-appointment of Mr. Nitin Dhavalikar (DIN: 07239870) as an Independent Director.			
8	<b>Special Resolution:</b> To Approve PMFL - Employees Stock Option Scheme 2019 (ESOS 2019)			

\*Please put a ( ) in the appropriate column for each resolution. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner he/she thinks appropriate.

Signed this ..... day of ....., 2019

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.



Ideas for a new day

## PARAG MILK FOODS LIMITED

CIN: L15204PN1992PLC070209

Regd. Office: Flat No.1, Plot No-19, Nav Rajasthan CHS. Shivaji Nagar, Pune – 411 016

Website: www.paragmilkfoods.com, Email- investors@paragmilkfoods.com

Tel. No.: +91 7276470001 Fax No. 022- 43005580

### ATTENDANCE SLIP

(To be handed over at the registration counter situated near the entrance of the meeting venue):  
27th Annual General Meeting – Monday, September 30, 2019

Full Name and registered address of the member:

Name(s) of the Joint Member(s), if any :

Registered Folio No. / \*DP ID No. / Client ID No.:

No. of Equity Shares held:

I / We, being the registered shareholder / proxy for the registered shareholder\*\* of the Company, hereby record my / our presence at the 27th Annual General Meeting of the company held on Monday, September 30, 2019, at 03.30 p.m., at A wing, 5th Floor, Navalmal Firodia Seminar Hall, Maharashtra Chamber of Commerce Industries and Agriculture, MCCA Trade Tower, Senapati Bapat Road, Pune 411016 and at any adjournment(s) thereof.

\_\_\_\_\_  
Member's / Proxy's signature

\* Applicable for investors holding shares in electronic form

\*\* Strike-off whichever is not relevant.

#### Electronic Voting Particulars

Users who wish to opt for e-voting may use the following login credentials:-

<u>Even (E Voting Event No.)</u>	<u>USER ID</u>	<u>PASSWORD</u>

#### Notes:

1. Please read the instructions to exercise e-voting option printed under Note number 19 to the Notice convening the 27th Annual General Meeting of the Company printed in the accompanying Annual Report for 2019.
2. Members are requested to bring their copy of the Annual Report and this Attendance Slip at the Annual General Meeting.





# All about you! all around you!



# Index

## The year in review

### About Parag Milk Foods Ltd.

- 2 Introducing Parag Milk Foods Ltd. (PMFL)
- 4 Key milestones
- 6 Key differentiators
- 8 Product offerings
- 14 Presence
- 19 Bhagalaxmi Dairy Farms & Bhagalaxmi Bioscience Division

### Performance review

- 20 Operational highlights
- 22 Financial highlights
- 24 Message from the Chairman
- 26 Message from the MD

### Strategic review

- 28 Business model
- 30 Strategic priorities
- 32 Operating environment

### All about you. All around you

- 34 Premium brand
- 36 Health and nutrition category
- 40 Indian taste. International attitude.

### Governance

- 44 Board of Directors
- 45 Management team
- 46 Risk management

### Corporate Social Responsibility

- 48 Social initiatives

### Other initiatives

- 49 Awards and recognitions
- 50 Marketing and consumer engagement initiatives

## Statutory reports

- 54 Management discussion and analysis
- 60 Director's report
- 69 Annexures to Director's report
- 85 Report on corporate governance

## Financial statements

- 104 Standalone financial statements
- 148 Consolidated financial statements

## Parag Milk Foods Ltd.

Parag Milk Foods Ltd. (PMFL) is one of India's largest dairy Fast-moving Consumer Goods (FMCG) player with an array of milk and milk-based products made from 100% cow's milk. It leads the dairy FMCG space with several innovative and unique value-added products that meet the consumers' varied needs. Born of the "new-age milkman" Mr. Devendra Shah's vision to help dairy farmers by collecting surplus milk on 'milk holidays' during India's White Revolution days, PMFL is now a brand equated with quality, nutrition, integrity, and the Indian ethos.

## Management assurance statement

The contents of this Report have been reviewed by the Company's Senior Management, under the guidance of the Board. This has ensured the integrity, accuracy and completeness of the information disclosed in the Report.

### Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. The Report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Online report

[www.paragmilkfoods.com/investors.php](http://www.paragmilkfoods.com/investors.php)



## 2018-19 highlights

Revenue

**INR 23,957 Million**  
22.6%↑

EBITDA

**INR 2,235 Million**  
15.6%↑

Profit After Taxes (PAT)

**INR 1,207 Million**  
38.7%↑

Return on Capital Employed (ROCE)

**17.2%**  
11.7%↑

Earnings Per Share (EPS)

**14.4**  
38.6%↑

↑ y-o-y growth

FY19 created a landmark shift in the history of Parag Milk Foods Ltd. (PMFL): We successfully transitioned from being a pure-play dairy major into an FMCG company, backed by our continued focus on the needs, wants and aspirations of our consumer – You. Your satisfaction is central to our innovation efforts and drives us to ensure quality through end-to-end integration of our value chain.



Today, our seven rapidly growing brands across more than 10 categories are reaching millions of consumers on a daily basis, powering our FMCG success and encouraging us to gain momentum over the coming years. As we grow our market share, the trust that we have achieved with regard to quality, in the mind of the Indian consumer, matters to us the most. It is at the centre of our long-term value creation efforts.

From your daily glass of milk to the dollop of ghee on your roti; from the fresh buttermilk to complete your meal to that festive gulab jamun; from the cheese on your continental dishes to your highly specialised need for intense nutritional support, we are listening to you.

We are part of your daily routine and your special events or festivals through our diversified product portfolio. We are present all over India, from the West to the South, while expanding rapidly in the North and the North-East. We are present in the retail store around the corner, supplying to your favourite restaurant or roadside food joint, and on the e-grocery platform you order from. From manufacturing to distribution, we are closely connected to you.

Your needs, wants and preferences inform us every step of the way through our journey of growth. We remain...

All about  
**You!**  
all around you!



## Introducing Parag Milk Foods Ltd.

# Milk and much, much more at PMFL



Our unique customer value proposition distinguishes us in multiple ways, starting with our products made from 100% cow's milk. Our products provide health and wholesome nutrition with superior quality.

At PMFL, that is just where we begin. There is much, much more to milk and what we do with it. We are...



### Innovative

We continue to innovate on the products, packaging and marketing fronts to offer superior value additions that reflect the evolving preferences of our consumers across various segments. We have achieved several firsts in the Indian dairy sector through our products and marketing initiatives.



### Obsessed with quality

With state-of-the-art technology at the heart of our manufacturing facilities, some of which are fully automated to eliminate human touch until the delivery stage. The quality of our products inspires trust. We are a grass-to-glass dairy company with integration of technology throughout our value chain.



### Growing

We have built world-class manufacturing and processing infrastructure, with facilities in Manchar (Maharashtra), Palamaner (Andhra Pradesh) and Sonipat (Haryana) strategically located to support the livestock-rich communities nearby. Also, our milk-processing capacity of 2.9 Million litres is strongly augmented by our distribution capabilities through two differentiated models—one for fresh products and another for value-added products—targeting various consumer segments.



### Knowledge-driven

We own India's largest cow farm (Bhagalaxmi Dairy Farms, Manchar, Pune), which serves as an R&D centre for developing best practices in livestock management. We use this knowledge to educate farmers and help them improve the per cow yield. We directly collect milk from more than 2 Lakh farmers. Being in control of the supply gives us the ability to innovate and execute different product lines with greater ease and comfort.



### Well-connected

We have nurtured our relationships with farmers and other channel partners over several decades, creating a community that has grown together. On the other side, growing the number of our retail touchpoints has helped improve our consumer connect and brand recognition. We are using new-age marketing initiatives and platforms to engage with the modern consumer of today.



### Integrated

We run an integrated value chain that allows us to control all key processes from procurement and supply to processing and distribution, maintaining highest standards of quality and delivery throughout.



### Responsible

We have the following health, environment and quality certifications – EMS ISO 14001:2015, FSMS ISO 22000:2005, EMS ISO 5001:2011 and OHSAS 18001:2007.



## Highlights

<p><b>2nd</b></p> <p>largest cheese player in India with a 35% market share</p>	<p><b>Gowardhan</b></p> <p>Leaders and pioneers of the Cow Ghee category with the brand 'Gowardhan'</p>	<p><b>avvatar</b></p> <p>India's first company to launch a truly 'made in India' B2C whey protein powder under brand 'Avvatar'</p>
<p><b>PRIDE OF COWS</b></p> <p>MILK FULL OF LOVE</p> <p>Introduced the concept of farm-to-home milk under the brand 'Pride of Cows'</p>	<p><b>75 Days</b></p> <p>Pioneers of fresh paneer with a shelf life of 75 days</p>	<p><b>GO</b></p> <p>Leading private player in the Ultra Heat Treated (UHT) milk category with the brand 'Go'</p>
<p>Bhagalaxmi Dairy Farms, apart from providing our consumers with premium milk, is also serving as a source of diverse value-added products such as organic fertilisers from cow manure and cow urine</p>		<p>Own one of the largest cow farms in India</p> 

## Vision

We aim to keep hearts healthy, provide nourishment and connect to consumers through fresh and high-quality value-added products manufactured from 100% cow's milk by partnering with the farmer community.

In line with the long-term trends and evolving consumer habits, we aim to launch market-leading products and create categories that are ahead of the industry, while continuing to build a strong health and nutrition portfolio.

We endeavour to create long-term stakeholder value by building a sustainable business model while acting through our empowered employees.

## Mission

### Our consumers

Our consumers should be able to trust our brands. This is why food quality is a fundamental requirement for us. We make every effort to ensure that our processes are safe and that high-quality standards are maintained throughout the supply chain.

### Building partnerships with dairy farmers

We are working with dairy farmers to enrich their lives and to set new standards for sustainable dairy production.

### Dairy innovation

Our focus on dairy innovation enables us to produce an array of products that make milk moments nutritious, healthy and enjoyable and we market our products under a well-targeted portfolio of brands.

### Our shareholders

We drive shareholder value creation through strong corporate governance along with a true and fair view of the financials.

### Building long-term relationships with local communities

We continue to nurture our community relationships with our value-driven approach towards supporting them and helping them grow. Our environmental strategy is focused on helping us achieve long-term sustainability of our resources.

### Good citizenship

As a large private sector dairy player, we want to influence the development of society and set an example through our best practices. Our desire to make high-quality milk and world-class dairy products accessible to the masses continues to motivate us. Building on the unique health positioning of our portfolio, and on our in-depth knowledge of local context, our ambition is to grow our brands while building a healthy and happy nation.

### Key milestones

# A consumer-inspired legacy of growth

Since our inception in 1992, we have let our consumers lead us towards creating products that cater to their needs and expectations. Our products are integral to the daily Indian cuisine, be it traditional or global/continental, inspiring us to refine and fine-tune our offerings constantly.



## 1992

Parag Milk Foods Ltd. founded in 1992 with one purpose:  
**To deliver fresh milk and dairy products**

## 2005

Birth of **Bhagyalaxmi Dairy Farms** – India's most modern dairy farm with the finest international equipments

## 2010

Palamaner plant was established with a **world-class UHT facility**



## 1998

Commissioned Manchar plant and began manufacturing traditional products such as Butter and Ghee under the brand '**Gowardhan**'

## 2008

Commissioned '**Go Cheese World**' – India's largest cheese manufacturing plant with a capacity of 40 MT per day

## 2011

Birth of '**Pride of Cows**', a first-of-its-kind premium farm-to-home milk brand





# 2017

Launched a **100% whey protein** powder for sports nutrition under the brand 'Avvatar'



# 2015

Relaunched the brand 'Parag' with a new identity



# 2018

- Established our third manufacturing facility in North India in Sonipat, Haryana by acquiring **Danone's plant**
- Strengthened the Health and Nutrition portfolio by adding **Go Protein Power** and expanding our basket of products under the brand 'Avvatar'



# 2016

Got listed on the bourses, thus becoming a **publicly branded** and owned entity

# 2014

Realising the needs of our institutional clients, we launched **B2B Whey Protein**



## Key differentiators

# Winning with value-added offerings

We are expanding our market share in several modern product categories such as cheese, UHT milk and whey protein, which are growing at nearly double the pace of traditional products such as milk, ghee, paneer and curd. Certain key differentiators set us apart from competition.







## A bouquet of strong brands

Our seven distinct brands are mapped under 10+ well-defined product categories that serve to target unique sets of consumers across the traditional, modern and premium segments. Brand 'Gowardhan' caters to the traditional customer segment and is dominated by ghee while 'Go' is a modern brand; 'Pride of Cows' caters to the premium customer while 'Avvatar' is focused on millennials interested in health and nutrition. Our brands are conceptualised and built on a common platform of consumer trust as the provider of 100% cow's milk and milk products.



## Growing our reach countrywide

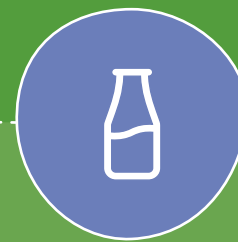
Our pan-India distribution network comprising 19 depots, 140+ super stockists and over 3,000+ distributors is helping us expand our reach to the target consumer in newer territories. We continue to add muscle to our distribution might. We have a strong presence in the western and southern regions of India and are now expanding in the northern and eastern parts of the country.



## State-of-the-art technology

We ensure the highest standards of quality control and monitoring at our manufacturing facilities, which feature highly advanced technology. Best-in-class certifications mark our technology and processes used to create new and innovative products, from the traditional category ghee to the modern category of whey protein.

We have been making high-value investments in the technology used for milk procurement processes and for developing the cold chain. We have integrated Salesforce IT Automation and Distribution Management System for real-time customer data; we are using Bizom to optimise our supply chain for efficiency. We are using SAP ERP analytics for business intelligence, giving us the big picture on our performance.



## In-house milk procurement expertise

Our robust milk procurement network comprises over 2 Lakh farmers across five states – our relationships with them go back several decades. Automation is driving a transformational change in the technological infrastructure, systems and process across the world. We are taking initiatives to modernise technology by bringing in chilling and bulk cooling units at the Manchar and Palamaner plants, aimed at helping our suppliers by improving the shelf life of the produce and offering us improved quality.

## Product offerings

# Our diversified product portfolio

At PMFL, we continue to enrich our portfolio of brands and categories to cater to a variety of segments of Indian consumers. Our brands, on the steady promise of quality, continue to grow, benefitting from the trust inspired by consistent quality and taste.



Gowardhan is a brand that PMFL started its business with. It comprises products that are consumed daily in a traditional Indian family. It is targeted towards housewives, invoking a sense of festivity and association with customs and traditions, adding life. Starting with 100% cow's milk, the brand underwent category expansion into ghee, paneer (cottage cheese), curd, butter and dairy whitener. The core rationale for the brand is the nutrition available through cow's milk, and the promise of quality and purity.



## Gowardhan Milk

Multiple product variants populate our brand 'Gowardhan' such as Gold, Pure, Fresh and Tea Star. Gowardhan Gold and Pure stand for full fat milk and Gowardhan Fresh for toned milk, respectively. Gowardhan Tea Star is cow-based milk with Solids Not Fat (SNF) content of 9.2% and a mere 2% fat, making it best for making tea and coffee.



## Gowardhan Ghee

It is our flagship product and the most sought-after brand in the ghee market. Ghee is integral to Indian cuisine, regardless of the region. It is clarified butter that serves not only as a medium for cooking, but also as an add-on. It is so versatile that it finds itself in everything, from snacks to breads to desserts. Gowardhan Ghee is manufactured in a process that ensures its traditional taste and purity and has been recognised as the 'Most Trusted Ghee Brand'. We have recently launched a new variant specially for the southern region called Gowardhan SWARNA Ghee that is rich in aroma and high with granules.





## Gowardhan Paneer

Paneer is a delicacy in many regions and is loved by all, particularly in North India, as a rich source of protein. Paneer is the third largest segment in the milk-based products category. It is used in various blends with other vegetables and dishes, and forms an important component of the Indian traditional cuisine. Gowardhan paneer comes as a classic block as well as in pieces that make it easy to handle, with convenient packaging that ensures lasting freshness. Gowardhan paneer has a shelf life of 75 days.



## Gowardhan Dahi

The Indian cuisine uses curd as a central ingredient in preparing certain dishes, as well as an accompaniment, and at times, even to make desserts. A natural probiotic, curd is important as a digestive aid; Gowardhan Curd is made from pasteurised cow's milk and contains active culture, available in flavours such as kesar (saffron) and mishti doi.



## Gowardhan Butter

It is made from clean and wholesome cream derived from 100% pure cow milk and has a distinct lactic taste. This is table butter that is deliciously light on taste and contains no preservatives or added flavours/colours.



## Gowardhan Indian Desserts

Gowardhan's instant mix provides a faster and easier way to prepare the much-loved Indian dessert – the Gulab Jamun – without much to do at home. On the other hand, Gowardhan ready-to-eat sweets include Gulab Jamun, Rasgulla and Shahi Gulab Jamun, which are made from Gowardhan Ghee and Milk. They have gained recognition as India's most favourite Indian sweets.

## Product offerings



Brand 'Go' is the younger, modern, more happening cousin of Gowardhan, from which it also derives its name. **It caters to families that are modernised and westernised and lead both busy and active lifestyles. The bouquet of 'Go' products offer purity, safety and convenience.**



## Go UHT Milk

'Go Supremo' is rich and creamy with a 3.5% fat content, which is ideal for use at home and in institutions, and for making sweets and desserts. Daily milk is low on fat (1.5%) and is easily digestible while being a good source of all nine amino acids. One cup of Double Toned Milk (DTM) provides you with 7.7g of protein. Compared to toned milk, DTM is also low in calories. 'Go Slim Milk' has 0.2% fat and is an excellent option for those trying to watch their weight with a low-fat, low-cal diet.



## Go Cheese

Demand and consumer acceptance have motivated us to introduce different flavours of cheese and be the innovators in this category. Innovation is at the heart of everything we do – not only in terms of products, but through packaging and convenience for consumers. 'Go Cheese' is 100% vegetarian and made from cow's milk, which gives it a distinct taste. It is available in 75+ Stock Keeping Units (SKUs), which include various types, sizes, formats and flavours. The various formats include blocks, slices, spreads, wedges and sauces specially designed for kids. The various flavours in cheese slices include green chutney, chocolate, piri piri, schezwan and more. Its various types include mozzarella, cheddar and gourmet cheeses such as Gouda, Monterey Jack, Colby, Orange Cheddar, etc. Cheese spreads come flavoured with herbs and olives, four peppers, smoked paprika, jalapeno and garlic.

## Go healthy beverages



### Go Buttermilk and Lassi

These are traditional favourites used as thirst quenchers and packed in tetra paks for hygiene and freshness. Garnished with ginger and cumin, Go Buttermilk is available in two flavours – Masala Chaas and Southern Spice. Traditional Indian Beliefs consider it to be a digestive. Go Lassi is available in rose and mango flavours.



### Go Badaam Milk

This is an Indian delicacy made of cow's milk, infused with rich almond (badaam) and saffron.



### Go Fresh Cream

Go Fresh Cream is used in various recipes as well as relished with desserts. It has a moderate fat content and is nutrient-rich, compared to commonly available creams made from vegetable fat. Available in tetra paks, it is free of preservatives and has a shelf life of four months.



### Go Protein Power

Go Protein Power is a milk-based protein supplement that can be consumed by all age groups. It is 100% vegetarian and contains easily digestible protein made from cow's milk, which helps in building lean muscle as well as repairing worn-out muscle and tissue. The high quality of ingredients is what sets the product apart from the brands that are currently available in the market.



### Go Colo Power

Result of a collaboration with a Swedish research organisation ColoPlus AB, Go Colo Power is made from the first milk of cows that is available just after calving. Research has established that this milk has extremely nutritive properties. The milk contains immunoglobulins and other immunity boosters, and is equivalent to the goodness of a mother's first milk. The product is available in powder form and can be consumed by mixing into various food items such as porridge, soups, etc. The high colostrum values help fight diseases that reduce the body's immunity.

All about you. All around you

## Product offerings



## Topp Up

Celebrating India's love for flavoured milk, 'Topp Up' has emerged as a healthier and tastier alternative to aerated drinks. It is made from fresh cow milk and the high protein content in it delivers additional nutrition. It is available in seven different flavours of elaichi (cardamom), badam, mango, rose, strawberry, pista and butterscotch. On the plus side, it has a great shelf life of six months.



## Avvatar

The latest addition to the PMFL portfolio, 'Avvatar' made significant impact on the market almost immediately upon launch. It offers the first truly 'made in India' whey protein and is 100% vegetarian. It is milked, processed and packaged within 24 hours in the same plant, making it the freshest whey protein available in the market. The product range includes whey protein in variants such as Isorich (Isolate Protein), RAPID (an instant hydration formula), Muscle Gainer and Mass Gainer. It has high protein content and is free of sugar, gluten, soya and Genetically Modified Organisms (GMOs). 'Avvatar' is the very first Indian brand to be certified by Informed Sports, a global leader in sports nutrition certification.



## Pride of Cows

A first-of-its-kind superior farm-to-home product, 'Pride of Cows' is cow's milk originating from Bhagyalaxmi Dairy Farms in Manchar, Maharashtra. It is India's most modern dairy farm. It is equipped with the finest modern technology to facilitate the entire process from the feeding and milking of the cows to the processing of milk. The milk is untouched by human hand right until it is delivered to the customer's doorstep.



## Slurp

This is PMFL's milk-based mango drink, made of fresh alphonso mangoes processed into a pulp, with a dash of milk added to it. It is aimed at helping consumers have access to good health and nutrition.

## Milkrich

This is dairy whitener that promises better taste and solubility, to help you have your cup of tea or coffee just right.



## Presence

# Robust infrastructure

We are eager to cater to the ever growing tribe of our consumers, who seek quality, taste and health in the products they consume. To ensure adequate supply and to continue expanding in newer geographies, we are scaling up our capacities and investing in cutting-edge technology. This is helping us achieve economies of scale, which has further contributed to our value-creation goals.



### The Manchar plant

The first factory was established in 1992 in the milk belt of Manchar, situated on the Mumbai-Nashik highway.

It processes raw milk collected from dairy farmers into pasteurised milk, which is then made into curd, paneer, ghee, cheese, beverages, etc. The plant also features the Go Cheese factory. The factory is quite often a part of study tours for school students who are interested in learning the history and art of cheese making.

29 lakh litres/day  
Daily milk-processing capacity

60 metric tonnes/day  
Cheese

20 metric tonnes/day  
Paneer

110 metric tonnes/day  
Ghee

6 lakhs litres/day  
Whey Processing

### The Sonipat plant

We acquired the Sonipat plant from Danone in April 2018 and commenced commercial operations in August, aimed at helping PMFL expand footprint in North and North-East India.

### Bhagalaxmi Dairy Farms

This is India's most modern dairy farm spread over 35 acres and equipped with the finest international equipment. The facility also features a well-equipped scientific laboratory, R&D centre and research farm.

25,000 litres/day  
Average milk production

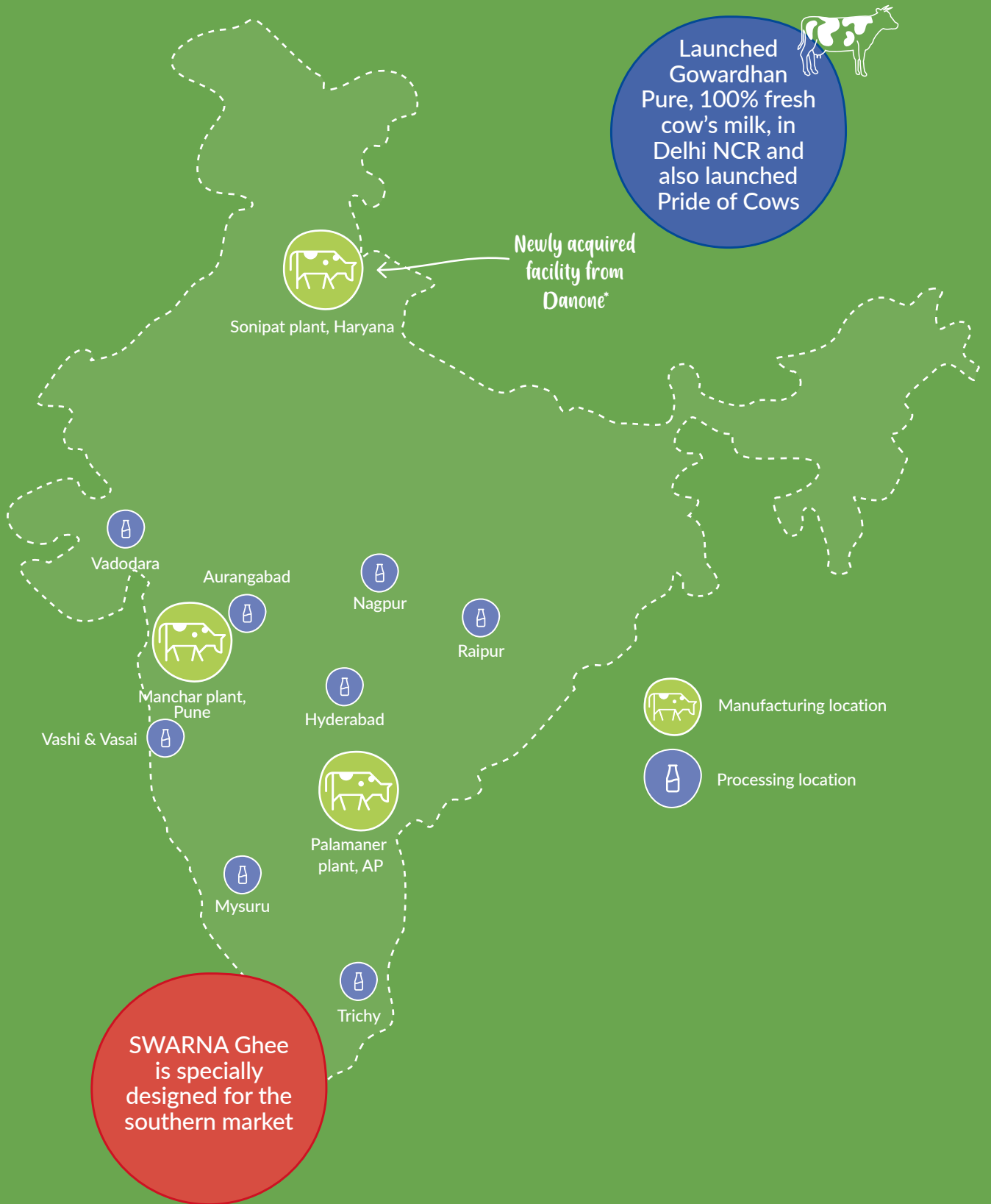


### The Palamaner plant

Established in 2010 at Chittoor, Palamaner, Andhra Pradesh, this plant helps to cater to the markets in South India. It is equipped with state-of-the-art technology.







\*Danone Foods and Beverages India Pvt. Ltd, the local entity of French dairy firm Danone SA

## Our presence in milk-procuring states

# Freshness and purity, from procurement to distribution

## Procurement

At PMFL, we strive to maintain the quality and purity of our products throughout the system of procurement to delivery. Our presence in the livestock-rich belts of multiple states helps us to secure fresh stocks on a regular basis while minimising the loss of time in transport to the dairy plants. This makes for efficient processes, minimal wastage and ease of quality control.

### Milk procurement

Our procurement network comprises farmers from the cow belts of Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu, which has stood the test of time for several decades. Our relationships with the farmer community across the 3,400 village-level collection centres in these four states have continued to grow and deepen.

## Supporting our farmer community

The growth and welfare of our farmer community is close to our heart. We empower them by procuring milk at costs that are mutually beneficial. We have consistently ensured best practices around the quality and quantity of milk. We also provide support services to help them improve their livestock's milk yields by organising free veterinary check-ups and vaccination drives for the cattle.

### Our three-tier milk procurement system comprises the following steps:



#### Procurement

More than 2 Lakh farmers supply 100% cow's milk



#### Collection

The stock is collected at village-level collection centres and later transported to Bulk Milk Coolers (BMCs)



#### Chilling

The milk is chilled in the BMCs, after which it is sent to the dairy plant for processing

2 Lakh+

Farmers supply 100% cow's milk



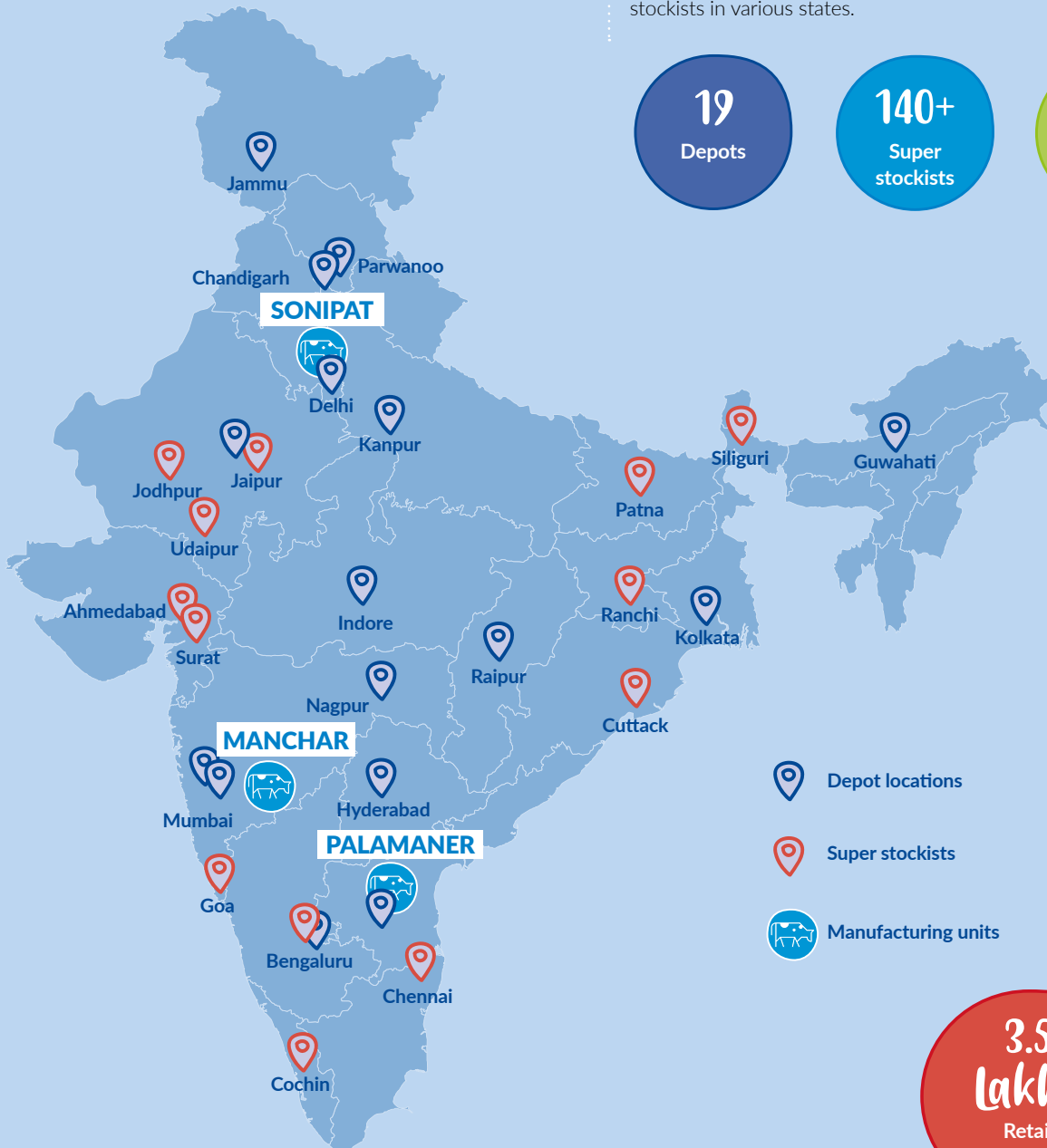
## Distribution

Our key focus area for FY19 was to ramp up our distribution capabilities. We scaled up our retail might by 40% to 3.5 Lakh stores in FY19 from 2.5 Lakh stores the previous year.

Our products are available in general trade and modern trade outlets across the country.

We have a separate route for fresh milk and fresh products, for which a different distribution network is established with a wide variety of local channel partners.

Our value-added products are available on all major grocery e-commerce platforms such as Amazon, Grofers and Big Basket. We have a direct selling e-commerce platform for our brand 'Avvatar', and a separate distribution route through stockists in various states.



**19**  
Depots

**140+**  
Super stockists

**3,000+**  
Distributors

Depot locations

Super stockists

Manufacturing units

**3.5**  
**Lakh+**  
Retail Touchpoints

## Well-integrated supply chain network

Route-to-market addressing diverse consumption points





## Bhagalaxmi Dairy Farms & Bhagalaxmi Bioscience Division

End-to-end value chain, from procurement to distribution

Bhagalaxmi Dairy Farms was established with the objective of creating an R&D centre for developing the best practices of animal feeding, rearing and livestock management and using these learnings to educate farmers so they too can improve their cow yields.

The farm is a wholly owned subsidiary of PMFL and is the largest cow farm in India consisting of ~2,200 Holstein Freisian cows. It is equipped with the finest international technology for feeding, milking and processing of fresh milk. The farm has a unique production to consumer doorstep model, designed for specific, targeted customer audiences, maintaining extremely tight quality standards.

The value chain for the premium brand, Pride of Cows, comprises procurement through livestock bred and reared for superior quality milk, processing in its specialised, fully-automated dairy plant, and distribution to individual customers through our own distribution setup, ensuring doorstep delivery.

We make this possible across the cities of Mumbai, Pune, Surat and now Delhi, through our partnerships with certain airlines, which airlift the product for supply into the national capital.

### Bhagalaxmi Bioscience Division:

Bhagalaxmi Dairy Farms is also home to Bhagalaxmi Bioscience Division, which was started from a research and sustainability perspective. Research is being used to formulate quality cattle feed to improve the productivity of cows. Waste matter is converted into useful, marketable material. Cow dung is used to process manure, to help farmers grow agriculture productivity at a low cost. We also have a biogas plant here with 600m<sup>3</sup> power generation capacity, which is used for captive consumption.

~2,200

Holstein Freisian  
cows



## Operational Highlights

# Rich mix of goodness and taste

## Danone plant acquisition



Made a strategic acquisition of Danone's plant in the North region at Sonipat, which is now running at optimum utilisation.



Started the supply of fresh products such as liquid milk, cup curd and pouch curd from the Sonipat plant to the Delhi NCR region. This facility allows us to be closer to the local market and provide fresher and a larger variety of product offerings.



Increased distribution in the North and East markets.

## Distribution expansion



Increased the number of retail touchpoints from 2.5 Lakh outlets in FY18 to 3.5 Lakh+ outlets in FY19.



Developed a unique Theory of Constraints model based on which we were able to expand the reach and range of our products across existing and new retail outlets.

## New launches



## Avvatar RAPID

RAPID is an ideal intra-workout drink with a combination of glucose for fast replacement of depleted blood glucose levels and maltodextrin for release of carbohydrates over a longer period of time. Absorbed rapidly, it leads to instant hydration with all the vital nutrients.



## Go Protein Power

It is a milk-based protein supplement that is 100% vegetarian and contains easily digestible protein. It has one of the highest protein contents among similar products and is currently available in 1,500+ outlets across Mumbai.



## Gowardhan SWARNA Ghee

Launched **Gowardhan SWARNA Ghee** which is a sub-brand of Gowardhan Ghee and is specially designed for the southern region.

The product is different in terms of its packaging, method of preparation and aroma, all of which are specifically catered for this region.



## Gowardhan Sweets

In order to penetrate the ready-to-eat Indian desserts consumption market and capitalise on the 'Gowardhan' brand, we ventured into the Indian sweets category through the launch of two new products – Gulab Jamun and Rasgulla—made from pure cow ghee and milk.



## Pride of Cows in Delhi

Introduced our premium milk brand '**Pride of Cows**' in the **Delhi NCR region**. With the objective of providing farm fresh experience to the consumers in Delhi NCR, we air lift the milk from our dairy farm, located in Manchar, near Pune.

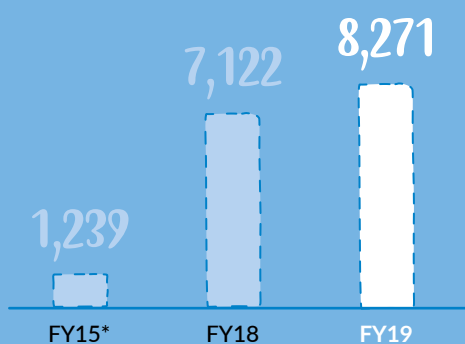
## Financial highlights

# Delivering progress

## Balance sheet metrics

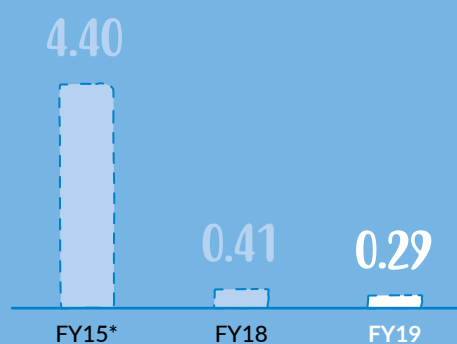
### Net worth

(INR in Million)



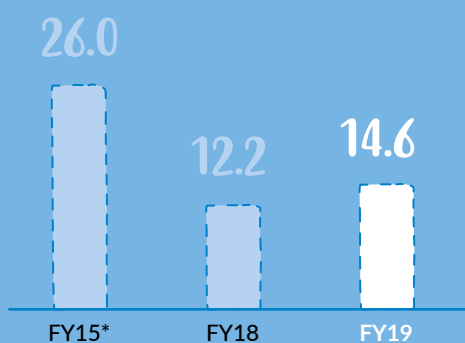
### Debt/equity ratio

(in %)



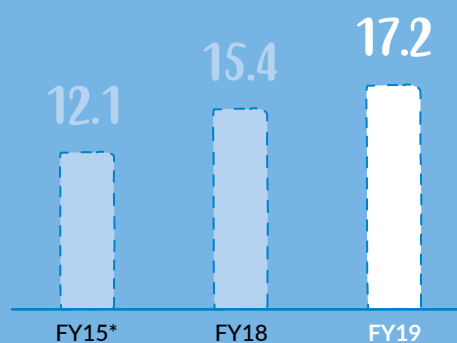
### Return on Equity (ROE)

(in %)



### Return on Capital Employed (ROCE)

(in %)



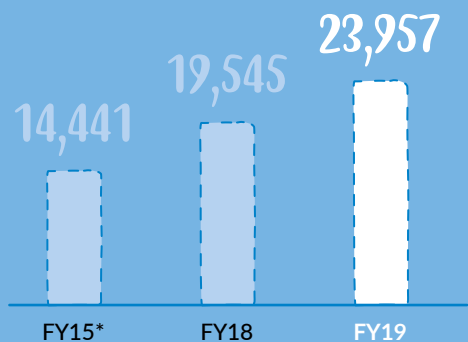
\*Comparable figures before IPO



## Profit and loss metrics

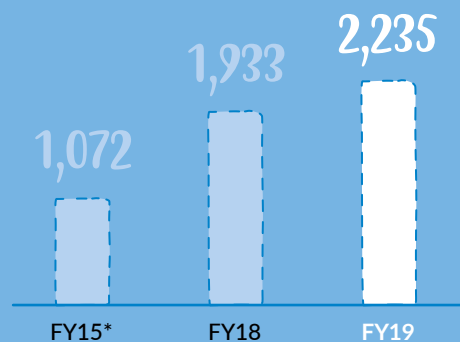
### Revenue

(INR in Million)



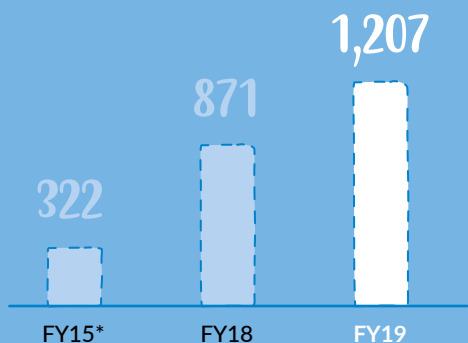
### EBITDA

(INR in Million)



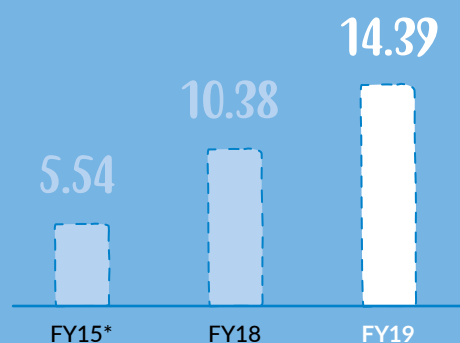
### Net profit

(INR in Million)



### EPS

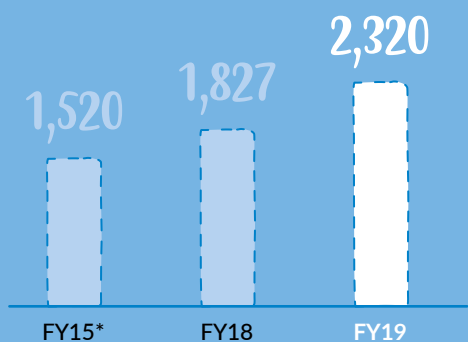
(INR)



## Social metrics

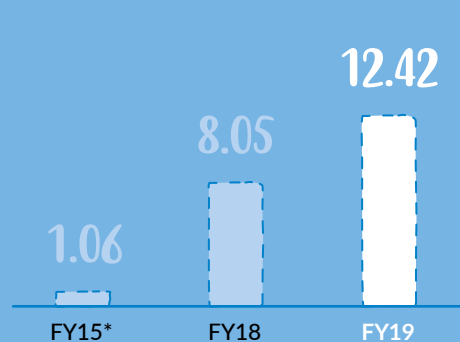
### Employee engagement

(No.)



### CSR spend

(INR in Million)



\*Comparable figures before IPO



# Message from the Chairman

Dear Shareholders,

I am extremely pleased to present to you our Annual Report for FY19, as it showcases the turn our growth story has taken. Today, we are the strong FMCG dairy player that we had set out to be the year before – as talked about in ‘The Goodness Story’ of FY18. We have achieved our goal on the back of an expansive and innovative product portfolio and several strong brands, along with a balanced manufacturing footprint and a growing customer reach.

Our strategic decision to drive consumer centricity into every aspect of our business, from product development to manufacturing, and even to marketing and distribution, has delivered solid gains. Our consumers have appreciated the agility with which we have fine-tuned our offerings and rewarded us with their trust.

This motivates us to reach our products to a wider customer base, enabling more people to embrace goodness and health through the nutritive value our products offer. This desire is at the very heart of our next phase of growth that is **‘All about you.**

**All around you.** We see ourselves connected directly to our consumers by being present in their routines as well as special occasions, across distinctions of age, cuisines, regional preferences, lifestyles and more.

FY19 has been great for us. We leveraged our strong brands and deep category expertise, and grew our distribution might, to achieve sales growth of 23% and full-year revenue of INR 2,396 Crore. Sales volume was up, with the largest proportion coming from our consumer business in key categories such as ghee, cheese, paneer and curd. The numbers continue to favour our FMCG thrust, allowing us to stay true to our Vision 2020: to achieve a revenue of INR 2,700 – 3,000 Crore, to maintain

healthy EBITDA margins at 11-12% and to grow our ROCE to 18-20%.

India’s FMCG industry, valued at USD 390 Billion in 2018, is set to grow at 11.3% CAGR, more than double the pace of growth of the USD 10,621 Billion worth global FMCG industry growing at 5.4% CAGR. In the rapidly growing Indian FMCG industry, the Food & Beverages (F&B) segment is the largest in size at 89.4% of the market. India is the largest producer and consumer of dairy products in the world, with a rapidly growing economy, where the F&B industry is one of the fastest growing segments.

Thus, the F&B sector promises a whole range of opportunities, where companies with capacities and innovative, value-added products are best positioned to grow and create long-term stakeholder value. Moreover, value-added dairy products occupy a prominent place, with Indian consumers becoming increasingly health conscious and open to spending as well as experiencing global cuisines. Busy modern lifestyles are accelerating this change, driving consumers to adopt value-added products. We are leading this segment through premiumisation of our offerings, allowing us to make value additions that help enhance our consumers’ lifestyles. Our fully integrated value chain is a major strength in this regard.

We have built this growth on the strength of our well-established brands ‘Gowardhan’, ‘Go’ and ‘Pride of Cows’, well trusted for quality as their brand promise. We are the second largest cheese player in India; we have pioneered an innovation to extend the shelf life of paneer to 75 days while maintaining its freshness and taste; and we have customised Gowardhan Ghee to suit the tastes of our consumers in the South with the newly launched SWARNA. We have ventured into the health and nutrition category with protein powder supplements and whey protein to help ensure a complete diet. Go Protein Power is a protein-based consumer product for mass consumption. On the other hand, whey protein along with its variants under brand Avvatar is a 100% ‘Made in India’ offering that is also 100% vegetarian. It is certified by a WADA-approved lab in the UK, Informed Sport, making it the perfect product for athletes.

The year also witnessed the addition of a manufacturing facility in Sonipat, Haryana, aimed at expanding our reach in North and North-East India. This was accompanied by expansion of our distribution infrastructure, growing the number of our retail outlets to 3.5 Lakh in FY19 from 2.5 Lakh outlets in FY18.



“

We have ventured into the health and nutrition category with protein powder supplements and whey protein to help ensure a complete diet. Go Protein Power is a protein-based consumer product for mass consumption. On the other hand, whey protein along with its variants under brand Auvatar is a 100% 'Made in India' offering that is also 100% vegetarian. It is certified by a WADA-approved lab in the UK, Informed Sport, making it the perfect product for athletes. ”



We have simultaneously continued to strengthen our partnership with farmer communities. We proactively supported Maharashtra's farmer community facing pressure due to milk price volatility. We are using insights from the research and development on our Bhagyalaxmi Dairy Farms to educate them about the best practices in livestock management.

Our teams at PMFL are extremely driven to ensure that our consumers experience the best of taste, health and quality, day after day, with ease and delight. As we integrate our brands further into our consumers' way of life, I acknowledge our people's untiring efforts towards driving this transformation, and appreciate our Board of Directors and Shareholders for their unflinching support.

Regards,

**Devendra Shah**  
Chairman



# Message from the MD

Dear Shareholders,

It is a great feeling to report to you on the pace of progress we continue to maintain at Parag Milk Foods Ltd. (PMFL), towards leading as a dairy FMCG player. The decision to go beyond pure-play dairy was a strategic one, aimed at enriching our brand proposition with focused consumer centricity, and driving value-accretive growth. The results have been swift and positive. Our thoroughly integrated value chain enables us to add value to our promise of good health and nutrition with taste and quality. As our well-founded strategy continues to deliver, we feel encouraged to expand and augment our reach.

Revenue

**INR 2,396 Crore**  
23% ↑

PAT

**INR 120.7 Crore**  
39% ↑



Looking at our financial performance, I am happy to report that we are on course to fulfil our Vision 2020. In this regard, FY19 witnessed a robust performance: our full year revenue stood at INR 2,396 Crore (a 23% growth y-o-y), with full year PAT of INR 120.7 Crore (a growth of 39% y-o-y), and an ROCE of 17.2%.

Higher throughput powered a significant improvement in our working capital cycle at 68 days as against 72 days in FY18. The overall net debt came down to INR 228.2 Crore as on March 31, 2019, from INR 241.6 Crore as on March 31, 2018. Our debt/equity ratio has improved to 0.29x as against 0.41x in FY18. We have significantly improved our operating efficiency with our ROCE growing to 17.2% in FY19 from 15.4% in FY18. We also reported a free cash flow of INR 55 Crore as on March 31, 2019.

These results are driven by a comprehensive push towards an integrated FMCG approach encompassing procurement, processing, manufacturing, branding, marketing and distribution. Our focus on innovation and technology is the common thread running through, placing

the consumer's needs at the centre of all our efforts.

During FY19, we forayed into new categories and segments. With latest variants of 'Go Protein Power' and 'Avvatar', we strengthened our position in the health and nutrition category. Today, the 'Avvatar' basket comprises several variants and flavours, and is the first and only purely Indian-made whey protein; it is 100% vegetarian and has been certified by an international agency. It is steadily gaining the trust of gyms and sports establishments as well as individual fitness enthusiasts. The brand also includes 'RAPID', a non-milk-based, energy drink that is key to hydration during workout. This high-margin category offers a massive opportunity for growth as more Indians are turning towards fitness. It is going to be one of our prime areas of focus going forward.

Our premium milk brand 'Pride of Cows' is now available in Delhi, which is another feather in our cap, as we ensure the delivery of the pure, 100% fresh milk obtained from farm-bred grass-fed cows, through airlifting on a daily basis.



**In this regard, FY19 witnessed a robust performance: our full year revenue stood at INR 2,396 Crore (a 23% growth y-o-y), with full-year PAT of INR 120.7 Crore (a growth of 39% y-o-y) and an ROCE of 17.2%. ”**



Our tie-up with airlines is much valued in helping to maintain the product at a temperature of 4°C throughout its journey. 'Pride of Cows' has drawn great appreciation from our discerning clientele that values fresh, pure produce that helps them live a rich, wholesome life.

We continue to enrich the strongest brand in our portfolio, 'Gowardhan', with value-added products. Gowardhan SWARNA was launched in FY19, targeting our consumers in the five southern states of India, which is the biggest market for ghee in the country. We have ventured into the ready-to-eat Indian sweets category with Gulab Jamun and Rasagulla, and ready-to-cook mixes with our Gulab Jamun mix.

Innovations on the product side are supported by focused initiatives towards growing our capacities in manufacturing and distribution, especially in the northern and eastern regions of the country. The acquisition of Danone's plant in Sonipat, Haryana, is helping to cater to consumers in Delhi NCR as well as in the states of Haryana, Himachal Pradesh and Uttarakhand as the plant is already running at optimum capacity utilisation. The process of setting up a milk procurement network in this region is ongoing and will help us grow further.

Our renewed thrust on retail is powered by a unique model based on the Theory of Constraints, developed with the help of a value-based partnership with a consulting firm. The growth in the number of retail touchpoints to 3.5 Lakh in FY19 from 2.5 Lakh in FY18 is just one aspect of this.

We have focused actively on removing bottlenecks. Availability levels for our products at the depot and distributor level have been steadied at ~95%, ensuring freshness and timely replenishment, smaller orders and quick problem resolution. Improved depot and inventory norms are helping us to serve our customers with greater consistency and efficiency. Plans are to take this model across the country.

Being agile in our response to market changes, we are moving our Skimmed Milk Powder (SMP) business to institutions, concentrating on tie-ups with partners focused on quality.

We are ensuring that all key initiatives across verticals are supported by a robust IT platform including Sales Force Automation and Distribution Management Systems, through BIZOM, our own software for distribution management. BIZOM enables us to track important parameters ranging from the performance of salespeople to stocks at various outlets. This data is helping us to better understand our consumers and identify the gaps in our systems, driving further efficiencies.

Tech-driven improvements in our supply chain have helped us ensure the quality and freshness of our products. Our dedicated stock transport vehicles equipped with temperature sensors and aligned with SAP allow us to track their movement and the temperature from remote locations. Additionally, our multi-temperature vehicles ensure optimum temperatures for a range

of products, also allowing us to make frequent dispatches.

We are intensifying our focus on marketing, through the mix of traditional as well as digital media engagements. In FY19, our advertising and promotion spends accounted for ~3.65% of overall sales, helping to drive stronger brand recall and recognition.

Going forward, we will continue to drive innovation, expansion and technology adoption. With every passing year, we continue to add to our strengths. Our value creation efforts derive from our desire to enrich the lives of our consumers and to support our partner communities. For our success, I thank our excellent teams at PMFL for being an unflinching source of strength. Our work here shall continue with greater pace and enthusiasm.

**Pritam Shah**  
Managing Director



## Business model

# How we create and sustain value

## Enablers



### Our key brands

We have a portfolio of leading brands targeting different consumer segments that offer faster growth and higher margins



### Our people and culture

We employ outstanding people who work in a unique culture that harnesses their passion and allows them to make a real difference



### Our knowledge and skills

We have deep consumer understanding, proven R&D and innovation capabilities and an agile organisation, which gets products to the market fast



### Our relationships

We develop strong, trusted relationships with our consumers, suppliers and communities, and our collaborators/alliances (farmers)



### Our infrastructure

Our business is underpinned by state-of-the-art manufacturing sites, R&D laboratories and logistic centres



### Our financial strength

Shareholders' equity, debt and retained profit give us the financial resources to implement our strategy

## Presence across the value chain

Fully automated dairy farm

Houses

**2,200+**

Holstein Freisan cows

- Integrated dairy farming operation: Breeding, feeding and animal management
- Equipped with fully automated rotary milking parlour
- Customer base of >20,000 households buying farm-to-home premium fresh milk

**Dairy farming**

**100%**

Cow's milk

Milk procurement in

**29 districts**

Across Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu

**Milk procurement**

Tie-up with

**3,400 village-level collection centres**

**Manufacturing**

**3 dairy plants**

At Manchar (West), Palamaner (South) and Sonipat (North) and several milk-processing units across India

**2.9 MT per day**

Milk processing capacity and largest cheese-producing capacity in India of ~60 MT per day



We operate in a competitive industry, across many markets. Our integrated business model enables us to respond to the many opportunities and challenges we face, while delivering value for our customers, employees, shareholders and our wider communities. With our unique products and brands, we are able to provide our consumers the opportunity to live a healthy and balanced lifestyle. Our extensive product portfolio caters to a broad range of consumer preferences and needs.



**Value we create** → **Outcome**



**Investors**

Return on investment through share price growth and dividends

**Revenue**

**INR 23,957 Million**



**Customers**

Best quality of products delivered to customers through disciplined processes while leading in innovation and always operating safely

**PAT**

**INR 1,207 Million**



**Employees**

A safe and inspiring place to work for employees

**ROCE**

**17.2%**



**Supply chain**

Partnership opportunities to contribute and share in our success

**Cheese market share**

**35%**



**Community**

Productivity benefits from enhanced infrastructure; jobs and other societal benefits from projects being delivered

**Leadership position**

**Ghee**

**Unique product positioning**



**Paneer**



Strategic priorities



# Our strategy for a sustainable future

<b>Strategic Priorities</b>	<p style="text-align: center;"><b>1</b></p> <p style="text-align: center;"><b>Increase value-added and health &amp; nutrition product portfolio</b></p> <div style="text-align: center;">  </div>	<p style="text-align: center;"><b>2</b></p> <p style="text-align: center;"><b>Enhance product reach</b></p> <div style="text-align: center;">  </div>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Focus on health and nutritional aspects in delivering premium products</li> <li>• Sell whey protein directly to consumers in the form of a branded product</li> <li>• Offer wide range of farm-to-home products under the brand 'Pride of Cows'</li> <li>• Introduce specific regional products to cater to consumer needs</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen distributor and stockists base to achieve higher retail penetration</li> <li>• Identify specific states and regions in India to increase sales volumes</li> </ul>
<b>2018-19 initiatives</b>	<ul style="list-style-type: none"> <li>• Introduced premium milk brand 'Pride of Cows' in the Delhi / NCR region</li> <li>• Strengthened the basket of products for Sports Nutrition offered under the brand Avvatar</li> <li>• Launched Gowardhan SWARNA Ghee which is specially designed for the southern region</li> <li>• Launched a protein based consumer product for mass consumption, Go Protein Power. This product has one of the highest protein content amongst similar products and is currently available in 1,500+ outlets across Mumbai</li> </ul>	<ul style="list-style-type: none"> <li>• Increased number of retail touchpoints from 2.5 lakh outlets in 2017-18 to 3.5 lakh+ outlets in 2018-19</li> <li>• Through the Theory of Constraints framework, enhanced the reach and range of products in existing and new retail outlets through:                         <ul style="list-style-type: none"> <li>» Move from primary sales focus to secondary sales focus</li> <li>» Increase productivity of sales force to take orders every week for larger number of retailers</li> <li>» Small and frequent dispatches from distributors to avoid unavailability</li> </ul> </li> </ul>
<b>2019-20 plan</b>	<ul style="list-style-type: none"> <li>• Increase the share of value-added products in our portfolio from ~66% to 70%+ in the next few years</li> <li>• Aim to double the Pride of Cows revenue over the next two years</li> <li>• Expand the product portfolio by introducing new product variants under the brand Pride of Cows</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on building cold chain distribution in top 100 cities</li> <li>• Penetrate deep into the Northern zone and North East</li> <li>• Roll out Theory of Constraints (TOC) model in metros like Delhi and Pune</li> <li>• Technology integration under Distribution Management System (DMS) and Sales Force Automation (SFA)</li> <li>• Rolling out channel financing systems</li> </ul>







**3**  
Increase operational efficiencies



**Leverage in-house technology, R&D capabilities to**

- Maintain strict operational controls
- Enhance customer service levels
- Develop customised systems and processes

- Integration of technology across all verticals
- Fully integrated SAP ERP backed by data analytics
- Driving execution excellence through a best-in-class Theory of Constraints framework
- Set up a zero discharge effluent treatment plant in which all wastewater is purified and recycled, therefore leaving zero discharge at the end of the treatment cycle

- Intend to convert farm waste to organic fertilizer - a strategy for promoting food security
- Installation of fuel efficient and higher yield powder plant
- Establishment of solar plant in the Farm

**4**  
Strengthen our brands



- Enhance brand recall through strategic branding initiatives
- Increase ad spend on diverse channels including television, newsprint, and digital media

- Gowardhan Ghee and Paneer TV ad campaign conducted on various popular news and regional channels
- Outdoor campaigns for Gowardhan Milk, Ghee and Go UHT Milk conducted in North East region
- Pride of Cows Digital Ad Campaign during various festivals
- Focused on consumer cheese through ad campaigns on kids channel and school contact programme

- Drive the Health & Nutrition category through tie-ups with gyms and influencers and the roll-out of a marketing campaign on digital platforms/mediums
- Conduct 360 degree marketing campaign Pan-India for Gowardhan Ghee from trade to the consumer
- Promote Pride of Cows through celebrity social media accounts on Instagram, Facebook, etc.
- Highlight our strength in the institutional and QSR space in the cheese category through the introduction of a new campaign that educates consumers on 'Go' Cheese being the key ingredient in most loved dishes like Pizzas, Burgers, Fries and Street Food

**5**  
Increase milk procurement



- Strengthening existing farmer relations
- Offer quality and quantity-based incentives
- Expanding our procurement in new areas

- Installed 200+ Bulk Chiller Units
- Started Procurement trials at the Sonipat plant from Rajasthan and Haryana
- Started incentivising higher quality milk, i.e.: antibiotic free

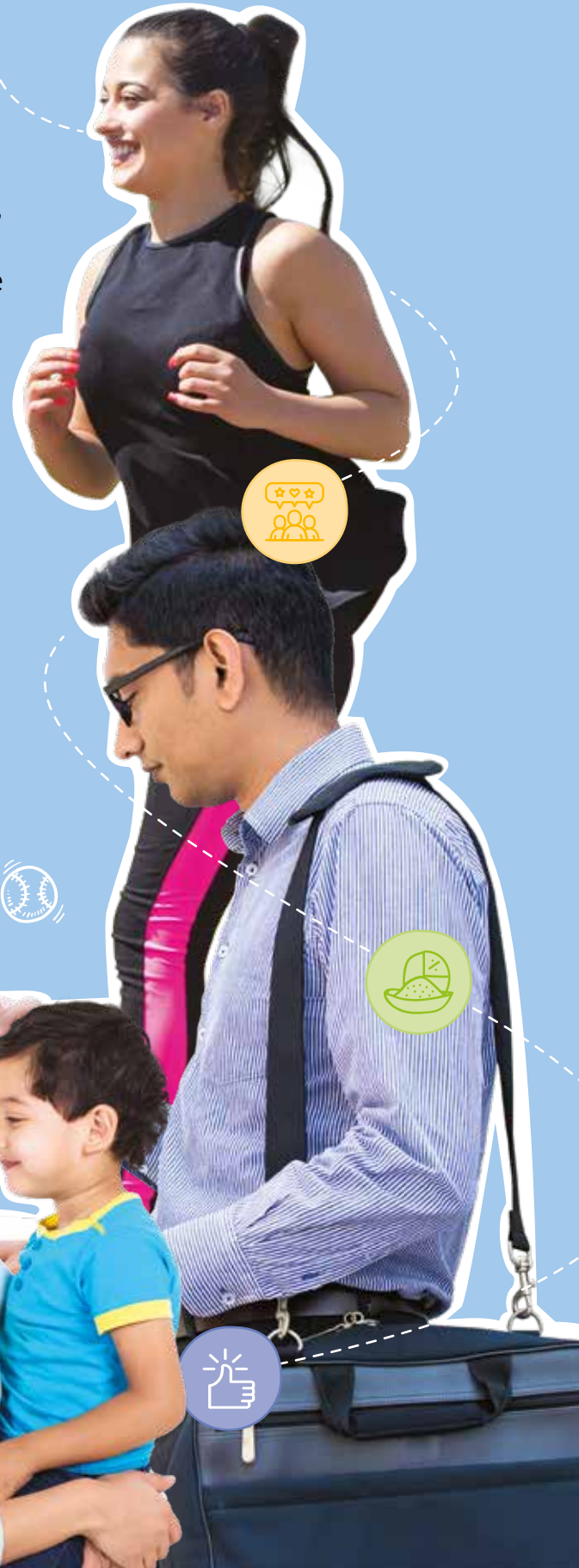
- Set up new collection centres and reach new districts in Maharashtra & the Southern states
- To add new bulk coolers and automated collection systems
- Expanding procurement at Sonipat plant
- Establishing colostrum collection systems on a trial basis

Operating environment

# Market drivers

Powering the Indian consumption growth story is a shift in the consumer mindset. Today, we are juggling busy lives, with increasing competition as well as spending power. We are also looking to enrich our lives through health and well-being, while also wanting to side-step some of the traditional approaches defining how we consume our food. For one, we have less time to devote today to health and nutrition, while we certainly need to do so more than ever before.

Another extremely important aspect for the Indian consumer is the cultural one. For decades, our traditions have defined our relationship with food and continue to do so. This relationship is undergoing a change as Indians are increasingly eating out and ordering in. We are also opening up to global influences and adopting various cuisines, which in turn is shaping our need for value-added products in dairy.





### Healthy living

The Indian consumer is increasingly conscious of health as urbanisation and sedentary lifestyles have steadily led to the rise of lifestyle diseases. Growing trends include consumer preferences for a fusion of the traditional and the modern, the global and the Indian, health and taste, all the while maintaining high standards of quality and product handling.

The younger population in India, which includes working-age professionals in metros and other cities alike, is particularly conscious of the need to simplify life. As a result, when it comes to product choices, they want fewer, but well-defined options that fulfil specific needs. Brands that provide accountability and transparency fare well in gaining the trust of consumers.

The health and nutrition industry has also identified the Health-Conscious Individuals (HCIs) who make up an important customer segment that may act as an influencer for others. The HCIs are affluent, urbanised and deeply engaged in lifestyle-related aspects of health. The HCI market is expected to touch the 130 Million mark by 2022 (Source: Forbes India).

Among Indians, a key concern in the context of health is the widespread protein deficiency, affecting 84% of vegetarian and 65% of non-vegetarian diets. PMFL's product portfolio, while offering wholesome nutritious products for overall health, is also looking to sharpen its focus on the rapidly growing protein segment.



### Authenticity

As technology becomes entrenched in all aspects of life, consumers have a growing desire for simplicity, with the endless choices and constantly updated products and services lending a degree of fatigue. This brand fatigue has resulted in a lot of us looking for the specifics of the product. In this brand-saturated world, authenticity is the currency of trust. Consumers today expect high quality standards and consistency, and are willing to pay a premium. This attitude impacts the food industry as well. PMFL's well-defined product categories, quality products and brand value, all serve to fulfil these demands. The strong appeal of our products is in being natural, from cow to consumer.



### Sustainability and saving the planet

It's not just the product, but also how it is packaged and labelled. Consumers are increasingly becoming more environmentally aware of superfluous packaging, especially of single-use plastics. Brands are under pressure to simplify messaging and deliver unambiguous information. To do this, they need to work with suppliers to confirm that their products are both obeying to the health and safety standards and providing clear nutritional information for consumers to understand.



### Connected consumers

Consumers are becoming increasingly connected, thanks to the rapidly growing internet reach and the rising popularity of digital platforms. As a result of this phenomenon, a generational shift is currently underway, impacting how we live, work, shop and play. Social media is driving conversations and consumer preferences today, which has a direct relation to the evolution of the FMCG space, which includes dairy products. We are closely following evolving trends to better understand our consumers.



# PMFL Opportunity

PMFL's integrated business model makes it unique. With a strong value chain backed by latest technology, from procurement through to distribution, we are uniquely poised to harness the opportunities for future growth. We are focused on creating long-term value for all our stakeholders by building the business for the next century.

## Premium brand

# Premium and pedigreed

'Pride of Cows' is the only truly farm-to-home milk brand in India. Through this brand, we offer the purest and artisanal 100% cow's milk from grass-fed cows whose health and nutrition are scientifically monitored on a daily basis to deliver high-quality milk, directly sent to the doorsteps of our select and premium clientele.

The lush greens of our Bhagyalaxmi Dairy Farms in Manchar near Pune are spread over 35 acres, and are dotted with Holstein Friesian cows<sup>1</sup>, renowned as the world's highest-yield dairy animals.

These are our fifth generation pedigreed cows, bred, cared for, and reared with utmost love; nurtured with the best of feeds and facilities to ensure pure, organic, antibiotic-free and fresh milk, day after day. Our team of expert handlers understand exactly what the cows need, and carefully monitor the cows' health and nutrition. Our belief is that 'happy cows give better milk'.

This has led us to develop our own 'cow comfort technology', which works to ensure the cows' physical health and well-being, as described here.

The cows have a round-the-clock supply of water, closely monitored feeding times and diets, regular and periodic health checks, while maintaining international hygiene standards at all times. Our cows get nutritious daily meals with our homegrown high-quality alfalfa, pennisetum, greens, soya and bran. The meals are planned by expert nutritionists on the farm, and the ingredients are rotated and adjusted to include fresh seasonal crops.



<sup>1</sup> [https://en.wikipedia.org/wiki/Holstein\\_Friesian\\_cattle](https://en.wikipedia.org/wiki/Holstein_Friesian_cattle)



**25,000** litres per day

Milking and processing capacity

Premium customers across

**>20,000** households



Each cow has its own dry area to ensure total hygiene and care as well as its own bed. The temperature in the sheds is maintained at the optimum level to ensure their comfort throughout the day, and all year round. This is done by using fans, sprinklers and water sprays. Most importantly, milking on our farms is never forced. Ours are the happiest cows in the country. We may also add, that we play music to our cows from time to time, as it seems to please them.

We have a 50-point mechanised rotary parlour that is fully automated for the milking of our cows. The milk thus procured is untouched by human hand. Each cow goes through an electronic health check up every time it is milked, to ensure that it is at its peak health.

The milk is then immediately sent for bottling and packaging through a process that is completely mechanised from start to finish. It is maintained at a temperature of 4 °C until it reaches the doorstep of our consumers, within 8-12 hours of milking. This is premium milk packed with the goodness of nature, and consumed by our premium customers across more than ~20,000 households in the cities of Mumbai, Pune, Surat and Delhi NCR.

Recently, we launched 'Pride of Cows' in Delhi, which has received an overwhelming response from the consumers. We have partnered with an airline service to airlift the produce to Delhi, keeping it chilled throughout to ensure quality.

Started in 2005 as an initiative to explore and understand the best practices in dairying in order to help our community of dairy farmers, Bhagyalaxmi Dairy Farms has now become the place of origin of the most premium milk in the country.

We continue to help the farmer community with the supply of high-quality semen, and tips and training on managing the feed as well as health of the cows. We also organise screening camps for their cows and educate them on best practices on a regular basis. We are supplying them with organic manure and fertiliser produced on our farms to help them improve their agricultural yields. We have also set up a biogas plant here to generate electricity for captive consumption, thereby adding to the sustainability aspect.

As is evident, we have been successful in developing a sustainable model of business encompassing aspects of care and well-being of livestock, maintenance of hygiene, production of green energy and more.



Health and nutrition category

# From milk to muscle

Being extremely health conscious and fitness friendly, the modern Indian consumer is driving a change in the overall consumer behaviour. They are increasingly opting for products that promise quality, hygiene and authenticity. At PMFL, we are reaching out to these consumers with our high-quality and scientifically developed value-added products that are helping them up their health and well-being quotient with greater ease and convenience.

At PMFL, we have made it our mission and purpose to use our years of expertise in dairy to help our consumers rebuild and sculpt their body in order to experience greater fitness, energy and better health. We are helping the nation to become stronger.





'Avvatar' is the only whey protein brand that is certified by Informed-Sports, a global leader in sports nutrition certification. The products are tested in WADA-approved labs in the UK, confirming that they are free of banned substances, making it perfect for athletes and professional sportspersons.



A truly made in India whey protein powder



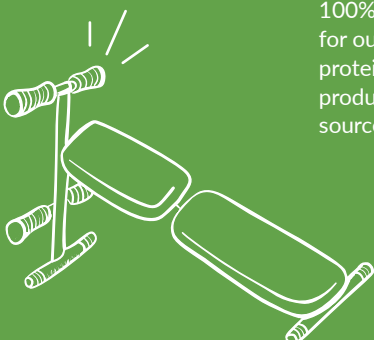
## The new Avvatar of health and nutrition

Whey protein is the go-to food supplement for most fitness enthusiasts working to achieve the right body through their workout regimens. While the market is flooded with imported options, there was no product that was truly Indian. Until Avvatar.

Whey is a by-product of the cheese-manufacturing process. With our extensive cheese-manufacturing capacities, we knew that offering whey protein obtained from 100% cow's milk was a major value addition for our consumers. With Avvatar whey protein, we aim to provide a high-quality product with complete assurance of the source as well as of its freshness and purity.

Whey comprises an incredible range of amino acids that are easily absorbed by the body, and are often a standard requirement for body builders, gym-goers, athletes, sportsmen and fitness enthusiasts.

Our first product in this category was Avvatar 100% Absolute Whey Protein, which was developed under the advice of an Australian expert dairy technologist. After we received good consumer acceptance, we further expanded the product range under this brand with five offerings:





## Avvatar Absolute 100% Whey Protein

A premium blend of whey protein concentrate and isolates, Avvatar Absolute 100% Whey Protein is packed with 24 g of protein per serving or scoop. It is available in two flavours: café mocha swirl and Belgian chocolate.

### Profile:

- 5.5 g of naturally occurring Branched Chain Amino Acids (BCAA) and 5.5 g of Essential Amino Acids (EAA) for promoting protein synthesis, speeding up recovery after intense workout, building muscle and enabling cell recovery
- 4.2 g of glutamic acid for maintaining acid levels in the body plus enabling proper functioning of the immune and digestive systems
- Loaded with 150 mg of naturally occurring milk calcium for maintaining bone health and for providing better muscle hold and 1 g of natural fibres to support healthy metabolism, digestion and gut health

## Avvatar Advanced Muscle Gainer

Avvatar Advanced Muscle Gainer presents the right blend of protein-carb matrix, featuring whey protein concentrate, isolate, casein, maltodextrin and dextrose.

### Profile:

- Each 60 g scoop offers 25.5 g of protein along with 24 g carbohydrates and naturally occurring 5.7 g BCAA and 4.3 g glutamic acid
- No added sugar ensures that all the required calories come from a good quality protein-carb matrix
- Enriched with 21 vital vitamins and minerals to support overall well-being and growth

## Avvatar Advanced Mass Gainer

Avvatar Advanced Mass Gainer contains the right blend of protein-carb matrix—maltodextrin, whey protein concentrate, isolate and dextrose.

### Profile:

- Two scoops of 60g offers the highest protein (45.6 g) in the mass gainer segment along with 122 g carbohydrates and 100% Recommended Dietary Allowances (RDA) of 21 vital vitamins and minerals to enable right growth
- Zero added sugar ensures that all the required calories come from a the good quality protein-carb matrix





## Isorich

It is the freshest and purest 100% whey protein isolate that gets rapidly absorbed in your digestive tract.

### Profile:

- Delivering 29g protein per scoop – one of the highest in the category—along with naturally occurring BCAA and EAA that support protein synthesis and muscle building
- Certified by Informed-Sports, a WADA-certified lab in the UK
- Ideal for people who want a low carbohydrate diet while replenishing their high protein needs
- Best suited for people who are lactose intolerant

## RAPID

RAPID is an ideal intra-workout drink with a combination of glucose for fast replacement of depleted blood glucose levels and maltodextrin for release of carbohydrates over a longer period of time. Absorbed rapidly, it leads to instant hydration with all the vital nutrients.

### Profile:

- Enriched with Vitamin C
- Tested for banned substances by Informed-Sport in WADA-certified labs, making it safe for use by athletes and sportspersons

The only hydration drink in the category fortified with whey protein, RAPID is non-caffeinated with a perfect combination of essential electrolytes to replenish sweat loss during energy intensive trainings.



Consumers can order these products online directly from our website:

<https://www.avvatarindia.com/>

We even offer a method for our consumers to authenticate their products. Under the lid of every Avvatar product there exists a unique scratch code, which can be authenticated online to reveal the genuineness of the product, along with its batch number and other details.

## Go Protein Power

Another protein powder brand in our health and nutrition category, Go Protein Power is a health supplement providing milk protein rich in amino acids along with Omega 3, 6 and 9 fatty acids. It is composed of 40% protein and can be consumed by children as well as senior citizens, homemakers and working individuals who are looking to maintain their protein levels. The product helps balance a protein-deficient diet, which is common among Indians.

### Profile:

- 40% protein content
- Essential vitamins and minerals

## Go Colo Power

The importance of colostrum as a natural immunity booster is recognised in the ancient dietary and medicinal traditions of our culture. Colostrum is the first milk produced by mammals before breast milk is released. Highly nutritious, it is composed of 80% colostrum content, enriched with immunoglobulins and immunity boosters. It also improves gut health. It is especially useful for patients battling life-threatening diseases.

In collaboration with the Swedish firm ColoPlus AB for its technical know-how, Go Colo Power is India's first colostrum-based natural immunity booster.

Through the introduction of this product, we are helping our consumers to enrich their health by using simple ways of incorporating high-quality proteins into their diet.

Go Colo Power is composed of 80% colostrum content, enriched with immunoglobulins and immunity boosters.

Indian taste. International attitude.

# Winning at both the traditional and the modern

Our core consumers beautifully balance their modern-day aspirations with their traditional Indian roots, including their dietary patterns. And therefore, so do we. Our most popular brands 'Gowardhan' and 'Go' enhance and celebrate their ability to enjoy a modern lifestyle while being decidedly Indian.



We began our journey with 'Gowardhan' in 1992, offering traditional products such as milk and ghee, made from cow's milk. Since then, the brand's growth has been driven by the growing trust of our consumers in the quality and the value its products offered, especially Gowardhan Ghee and Milk.

With milk and ghee controlling the largest and second-largest market share, respectively, in terms of revenue in the Indian dairy sector, and growing at a CAGR of 15% and 17%, respectively, until 2020, we are working towards taking 'Gowardhan' and 'Go' to many more consumers across geographies.

Today, even as the modern Indian consumer has adopted a variety of global cuisines, they do remain close to their roots when it comes to daily dietary preferences. Home-cooked food is still a thriving tradition in a majority of households. Moreover, ancient Indian wisdom from Ayurveda attaches special significance to cow's milk and the ghee prepared from it, with regard to health benefits. Products under 'Gowardhan' and 'Go' cater to the dietary preferences of the modern Indian consumer.

Gowardhan Ghee was named the 'Top Performing Cow Ghee' by Consumer Voice and the 'Most Trusted Brand in Ghee' by the Brand Trust Report.





## Gowardhan, a time-tested recipe

The product portfolio includes pasteurised whole milk (Gowardhan Pure and Gowardhan Pure), toned milk (Gowardhan Gold and Gowardhan Pure), tea milk (Gowardhan Tea Star); butter (Gowardhan Table Butter) containing no added preservatives or flavours; processed cheddar cheese (Gowardhan Cheese) and cottage cheese (Gowardhan Paneer); dahi (Gowardhan Fresh 'n' Thick Dahi and Gowardhan Curd).

Gowardhan has recently forayed into the ready-to-eat desserts category with Gowardhan Gulab Jamun and Gowardhan Rasgulla. It is a favourite among Indians who are looking to conveniently consume their much-loved desserts at home.

The modern approach to consumption of ghee is changing, with modern-day scientists recognising the goodness within. Known as clarified butter, it is finding acceptance the world over as a lactose-intolerant friendly source of healthy fats, and a cooking medium that adds taste to everything, from the traditional dal to the modern vegetable stir-fry. Some food enthusiasts have even called it a 'superfood'.

Our marketing initiatives include engaging with food bloggers and home cooks using our products in their delicious recipes.



## SWARNA, a golden opportunity

Gowardhan SWARNA is Gowardhan Ghee for our target consumers in South India. It is specially formulated to suit their preferences in terms of taste, consistency and colour. While the tag line used traditionally for Gowardhan Ghee is 'Pyaar ka rang sunhera', the new entrant introduces itself with the tag line 'Pyaar ka rang SWARNA'.

With the southern region of India being the largest market for the consumption of ghee, SWARNA will help us expand our reach and presence across the five southern states, as well as boost the brand value and our value-creation efforts as a whole.



## Go Natural cheese platter

These are gourmet cheese ranging from Orange Cheddar, Mild Cheddar, Colby, Monterey Jack and Gouda, made using the finest natural ingredients, according to traditional recipes. These types of cheese are aged, some as long as nine months, and will satisfy any connoisseur.

## Never cheesy enough

We continue to cater to our consumers' tastes and conveniences with targeted value additions, such as Go Shredded cheese, which is packaged shredded cheese, ready for sprinkling on any dish, be it a dosa or a pizza. The product range includes four flavours such as Pizza Italiano (combination of Mozzarella and Mild Cheddar), Mexican Style (Monterey Jack, Mozzarella and Colby Cheese), Italian Pasta (Mozzarella, Cheddar and Gouda) and Processed Cheddar (blends of Natural Cheddar). These variants of cheese make the perfect toppings for items such as pizzas, pastas and Mexican tacos.



## Go Buttermilk

Buttermilk is a thirst quencher that is also rich in protein and easily digestible. It is a traditional favourite and served as an accompaniment that completes an Indian meal. A dash of salt and spices enhance its taste and flavour, and that is how Go Buttermilk is also served. It is packed in Tetrapak to retain its freshness and to ensure hygiene. Go Buttermilk is seeing increased uptake from health-conscious consumers looking for alternatives to carbonated, non-sugary drinks.

## Go yogurt, Lassi & Fresh Cream

Flavoured yogurts have found an extensive fan following among Indian audiences looking to consume foods that are rich in nutrients, especially protein, and healthy for the gut. Our yogurts contain active culture and are available in flavours such as saffron or Kesar and mishti doi. Go Lassi, is available in a rose flavour; and Go Fresh Cream, which has moderate fat compared to creams made from vegetable fat, are commonly available.



# Board of Directors



1

## Mr. Devendra Shah Chairman

Under the leadership of Mr. Devendra Shah, PMFL has grown from strength-to-strength. Driven by his enthusiasm and innovative approach to the business, the company's revenues have grown manifold. He has promoted one of the largest cow farms in India, Bhagalaxmi Dairy Farms. He is well-known for his visionary and innovative abilities.

2

## Mr. Pritam Shah Managing Director

In his current role, Mr. Pritam Shah is responsible for the overall execution strategy of the Company and for consolidating the company's market presence. He is responsible for bringing in the best manufacturing technology for the Company, enabling it to compete globally. His strong understanding of procurement and production processes has helped PMFL enhance its overall performance.

3

## Mr. B. M. Vyas Non-executive Director

Mr. B. M. Vyas advises the top management and assists in the creation of efficient and effective growth strategies for the Company. He is closely involved in monitoring the entire gamut of the business processes from the perspective of sales and distribution, getting them streamlined and efficient. He is a dairy veteran and has been the Ex-MD of GCMMF (Amul). He advises the Chairman on various aspects regarding the development of the business and is Chairman of Stakeholders Relationship Committee, Chairman of Corporate Social Responsibility Committee and Member of Nomination & Remuneration Committee.

4

## Mr. Sunil Goyal Director

Mr. Sunil Goyal joined the Board of Directors on January 15, 2008. He holds a bachelor's degree in Commerce from Seth Motilal College, University of Rajasthan, and is also a qualified Chartered Accountant and is currently an Independent Director on our Board and member of the Audit Committee.

5

## Mrs. Radhika Pereira Independent Director

Mrs. Radhika Pereira holds a bachelor's degree in Law from Harvard University. After her articleship with M/s Mulla & Mulla and Craige Blunt & Caroe, she completed her post-graduation from Cambridge and Harvard. On returning to India, she worked for some time with Arthur Andersen and in the year 1996, she set up Dudhat Pereira & Associates. Later, she joined as a partner at Shardul Amarchand Mangaldas & Co at their Mumbai office. She is a Member of Nomination & Remuneration committee and Corporate Social Responsibility Committee.

6

## Mr. Nitin Dhavalikar Independent Director

Mr. Nitin Dhavalikar holds a bachelor's and a master's degree in Commerce from Pune University. He is also a qualified Chartered Accountant. He was appointed to our Board on July 28, 2015 and is Chairman of the Nomination and Remuneration Committee and member of the Audit Committee and Stakeholders Relationship committee.

7

## Mr. Ramesh Chandak Independent Director

Mr. Ramesh Chandak holds a master's degree in Commerce and has completed the Advanced Management Programme at Harvard Business School. He is a fellow member of the Institute of Chartered Accountants of India. He is working closely with the Company on growth strategies and cost reduction initiatives. He was awarded the 'CA Business Leader of the Year -2008' by the Institute of Chartered Accountants of India. He is Chairman of Audit Committee and Member of Nomination & Remuneration Committee.

8

## Mr. Narendra Ambwani Independent Director

Mr. Narendra Ambwani holds a bachelor's degree in Electrical Engineering from the Indian Institute of Technology, Kanpur. He has also served as the Managing Director of Johnson & Johnson's consumer group. He has 39 years of experience in the consumer product industry and was the ex-Chairman of the Advertising Council of India (ASCI). He was appointed to our Board on May 26, 2015 and is Member of Audit Committee and Corporate Social Responsibility Committee.

# Management team



**Mr. Vimal Agarwal**  
Chief Financial Officer (CFO)

Mr. Vimal Agarwal is a Chartered Accountant and an MBA by qualification. He has a rich and diversified experience of 18 years in leading FMCGs in India. He has expertise in financial planning, reporting, capex & opex budgeting, commercial and supply chain management, working capital management and cost efficiency strategies. He has demonstrated his leadership skills by driving profitable growth while enhancing governance standards in consumer product companies.



**Ms. Akshali Shah**  
Sr. VP – Strategy (Sales & Marketing)

An MBA in Family Managed Business from S. P. Jain Institute of Management & Research, Ms. Akshali Shah is actively involved in the branding, marketing & advertising strategies of the company as well as category intelligence & competitive analysis. She has also played a key role in revamping the corporate identity of the Company. She has recently won the 'Entrepreneur of the Year in Service Business – FMCG' award by Entrepreneur India.



**Mr. Shashikant Dalmia**  
General Manager – (Finance & Accounts)

Mr. Shashikant Dalmia has been with the group for the last 7 years and manages direct taxation, treasury & risk management, corporate finance & accounts, budget planning, liaising with government authorities and various accounting functions at the plant level. He was instrumental in the successful implementation of SAP and was core member of IPO team. He has worked as the Finance Head, handling taxation management, treasury, and financial planning for Bhagalaxmi Dairy Farms Pvt Ltd. He is a qualified Chartered Accountant.



**Mr. H. S. Oberoi**  
President – Cheese Manufacturing

A mozzarella cheese manufacturing expert, Mr. H. S. Oberoi has a B.Tech degree and over 52 years of extensive experience in the dairy industry.



**Mr. Sachin Shah**  
Senior VP – Southern Operations




A Science graduate with over two decades of professional experience, Mr. Sachin Shah oversees the Company's operations at Palamaner.

# Risk management



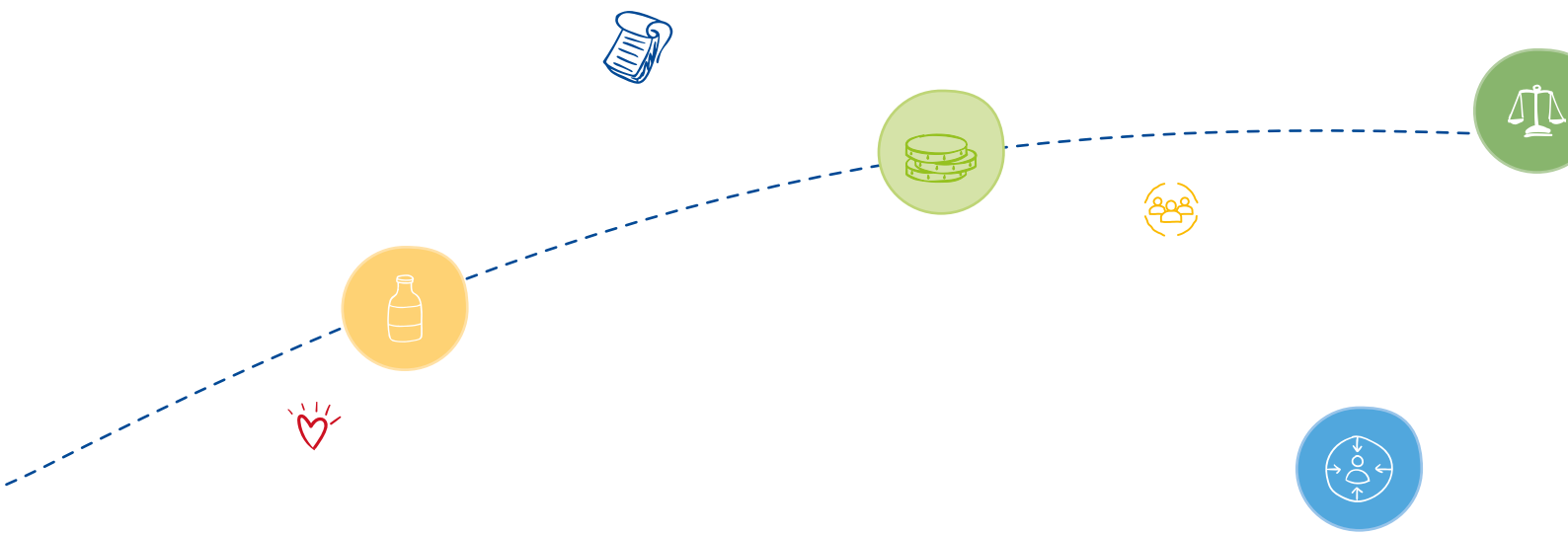
PMFL is committed to a proactive and effective risk management to mitigate the impact of situations, both foreseen and otherwise, on our business. Efficient risk management is key to achieving short-term goals and sustained value creation over the long term. A robust risk management system has been put in place to identify, assess and manage risk factors that could affect the performance of any parts of the Company's operation.



Type of risk	1 Economic and political environment 	2 Distribution and channel transformation 	3 Changing consumer preferences 
Meaning	Throughout the world, local or regional economic and political uncertainties could influence the business. Particularly, the risk of an economic recession, change of laws, trade boundaries, inflation, fluctuations in exchange rates, financial crisis or social unrest could adversely affect revenues and profits.	Maintaining strong relationships with customers is key for brand positioning. Consolidation among our customers, emergence of buying alliances and rise of e-commerce distribution channels may affect our ability to obtain encouraging pricing and trade terms and negatively impact our operating margin.	Consumers' preferences and habits are evolving. This requires us to constantly alter our product offerings, and innovate and invest to maintain the significance and strength of its brands. Failure to do so would affect our revenues, market share and probably our brand equity in the longer term.
Mitigation measures	We have set up various means to restrict the impact of such events on its business such as supplier management, short-term liquidity management, prudent balance sheet measures and scenario planning. For events that could impend the continuity of the business, exigency plans are in place.	We have set up well-built supply chain network at the back-end and a strong distribution network at the front-end, which ensures timely availability of products to consumers.	Over the past years, we have further reinforced our commercial organisation, our innovation programme and our marketing and sales capabilities. Significant investments have been made in consumer and market intelligence, new products and formats, and in brand protection to foresee and respond to industry changes.







4

Supply chain continuity



Disruptions in the supply chain could lead to our inability to deliver products to key customers, revenue loss and brand damage. Significant changes in the availability or price of raw materials, commodities, energy and water may result in a shortage of those resources or increased costs.

We have built collection centres at the village level and an efficient cold chain network to keep the milk chilled throughout, thereby maintaining its freshness till it reaches the plant for further processing.

5

Non-compliance



Changes in the legal and regulatory environment tend to increase the risk of non-compliance to local and global laws and regulations. Failure to conform with applicable laws and regulations could lead to claims, enforcement and reputational damage.

We have adhered to legal compliance in our risk and controls system, and have established processes and governance to drive implementation and compliance with the Company Rules and Code of Business Conduct.

6

Raw material prices



Continued milk volume and price volatility may influence our sales.

Our strategy focuses on value creation through our strong brands and products, which aim at continually reducing exposure to commodity pricing.



# Social initiatives

At PMFL, we believe in all-encompassing growth that includes the health, welfare and development of the communities around us and those we work with. Our journey began with the idea of relieving the stress of dairy farmers during India's White Revolution days. Today, we are pursuing wide-ranging initiatives to support the people around us.



Study tour for tribal children



Stationery supplies for one year donated to underprivileged students



Health camp for women employees



Training workshops conducted by Bhagyalaxmi Bioscience Division Team for farmer's community from around the region to create awareness on the usage of natural/organic fertilizer and improving productivity as well as the life of the soil



Food, water and other distribution activities undertaken to help people of drought-affected Panjarpole village

# Awards and recognitions



Winner of 'Brand Excellence Awards in FMCG Sector Food & Beverages', awarded by CMO ASIA & Brand Excellence Awards



Named 'Company of the Year - Dairy Products' at Dare to Dream Awards by Zee Business



Limca book of records, 2019 recognition 'Biggest Modak' Gowardhan Ghee along with ABP majha made the largest Modak of Khoya for Ganesh Chaturthi using Gowardhan Ghee and Gowardhan milk



AVVATAR was recognised at the Fitness Excellence Awards 2018 for 'Innovation in Whey Production in India'



Sakal group President Mr. Pratap Rao Pawar facilitated Mr. Devendra Shah, chairman, Parag Milk Foods with Sakal Excellence Award



# Marketing and consumer engagement initiatives



At Parag Milk Foods, our marketing initiatives are centred on building a close connect with our target audiences on platforms of their choice, across physical and digital.

Our focused initiatives help us build strong relationships. We participate in a variety of events to interact with our consumers, engage with millennials on social media, and leverage our premium brand connect with support from celebrities.

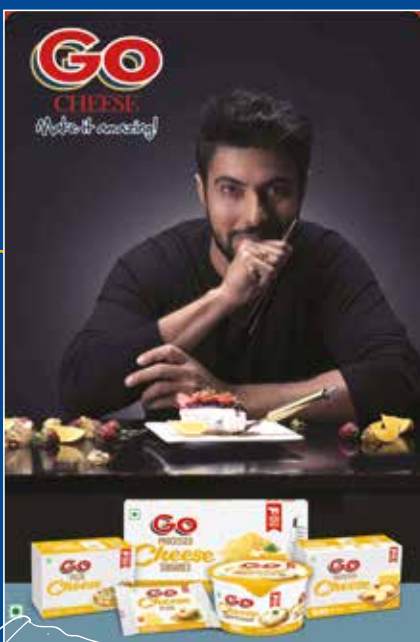
We are leveraging digital technology for new-age marketing and advertising, which gives us an edge in the evolving FMCG environment.



Pride of Cows celebrated its 7<sup>th</sup> anniversary with Gauri Khan's creativity enlivening our limited edition branding



Soha Ali Khan at the Delhi launch of Pride of Cows



Celebrity chef Ranveer Brar preparing various dishes with Go Cheese



**200 ग्रा. गोवर्धन पनीर के साथ ₹40 का पनीर मसाला मिक्स पैक मुफ्त पाइए.**

अपने पनीर मसाला मिक्स पैक के साथ पनीर के साथ ₹40 का पनीर मसाला मिक्स पैक मुफ्त पाइए।

**GOVARDHAN**

**PANEER**

सुप्रीम पनीर मसाला मिक्स पैक



**FIX YOUR PROTEIN DEFICIENCY WITH GO PROTEIN POWER. 100% MILK BASED PROTEIN.**

**GO Protein power**

100% COW'S MILK PROTEIN

ORIGINAL chocolate

**40g OF PROTEIN\***

**COW'S MILK PROTEIN**

Contains added Vitamins and Minerals to provide 50% of the recommended dietary allowance per serve.

Contains Omega 3, 6 & 9 essential fatty acids from a vegetarian source which supports eye development, improves brain function and promotes heart health.

Stimulates beneficial pre-biotics and builds immunity.

**ROYALTY**

in a cup.

Made from real kesar

**Kesar Dahi**

Available in 10g & 200g

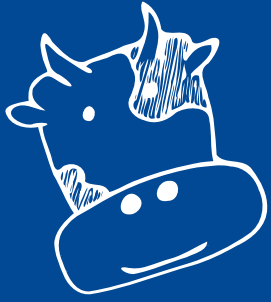


**SWARNA**

Pure Cow

**Ghee**





# Management Discussion and Analysis

## 1. Economic Review

### 1.1 Global Economy

The global economic growth moderated to 3.6% in 2018, following a period of 'synchronised upswing' that lasted until the first half. A broad-based moderation in economic activity across developed and emerging economies, trade tensions between the US and China, and lingering uncertainty around Brexit were major drags in the second half. The US bucked the trend due to policy stimulus in the form of tax cuts. The reciprocal tariff imposition by the world's two largest economies, the increased rhetoric around protectionism, volatile crude oil prices and China's financial tightening dampened investment sentiment.

#### Outlook

The International Monetary Fund (IMF) expects global economic growth to further slow down to 3.2% in 2019, as the factors dampening the growth momentum in 2018 remain in play, the US stimulus impact fades and the Eurozone stays sluggish. The global economy could regain some momentum in 2020 (IMF: 3.5%), as major central banks adopt an accommodative policy stance and China ramps up its policy stimulus to counter the negative impacts of higher trade tariffs.

The IMF expects global economic growth to moderate from 3.6% in 2018 to 3.2% in 2019 before recovering to 3.5% in 2020.

### 1.2 Indian Economy

The Indian economy remained largely resilient to the global slowdown, recording 6.8% growth in FY19, as the structural reforms carried out in the past three years started to show results. The growth momentum tapered in the last quarter due to a slowdown in industrial activity and sluggish urban and rural demand<sup>1</sup>. The government is promoting inclusive growth, improving business climate, widening the tax base and addressing indigenous challenges. India jumped 23 places to be ranked 77 in the World Bank's ease of doing business report. Inflation – wholesale and retail – remained within the Reserve Bank of India's target range, leaving manoeuvring room for the central bank to adopt an accommodative policy stance. The government's fiscal prudence, despite being a period running up to the general elections, contained fiscal deficit within target.

#### Outlook

According to the IMF, the Indian economy is expected to accelerate to 7.0% in FY20 and to 7.2% in FY21. While India's domestic consumption-driven growth story remains intact, the government has set a target of making India a \$5 trillion economy by FY25, which implies that India would need to grow at 8% and become the world's third-largest consumer economy by then.

India is expected to be the third largest consumer economy by FY25.

## 2. FMCG Industry Review

Emerging markets are driving the growth of FMCG industry globally. In India, a growing and aspirational young population with rising disposable income and brand awareness are driving localisation and premiumisation. At the same time, digital technologies and platformisation<sup>2</sup> of services is helping to create new markets. The FMCG sector is the 4th largest sector in the Indian economy with food and beverages accounting for 19% of the sector. India's FMCG sector is expected to be valued at USD104 Billion by FY20, as per an ASSOCHAM<sup>3</sup> report.

#### Trends

The Indian consumer has over the last few years adapted rapidly to a data-driven world that has created massive shifts in consumer behaviour. This in turn is driving change towards further adoption of consumer-first technologies and attitudes on part of brands in order to grow consumer interest in their products.

Growing awareness aided by free flow of information as well as knowhow through digital and social platforms is driving the expectation of transparency and authenticity. The consumer is tech-savvy and hence, they are interacting directly with brands on these platforms, further enriching the conversations with consumer insights. This is brought on by a growing population of millennial and Generation Z consumers who are brand conscious and accustomed to e-commerce. They are ready to pay a premium for convenience and value. As a result, they are also driving the shift from unorganised to organised industry players.

Another aspect of this new-age consumer cohort is that because they are aware, they are fitness-oriented and motivated by goals of health and wellness. Takers for organic food are growing in number. It is these features

1 [https://www.business-standard.com/article/international/imf-scales-down-india-s-gdp-growth-rate-by-0-3-each-for-fy20-and-fy21-119072301227\\_1.html](https://www.business-standard.com/article/international/imf-scales-down-india-s-gdp-growth-rate-by-0-3-each-for-fy20-and-fy21-119072301227_1.html)

2 Global FMCG report

3 <http://publication.assochem.tv/data/product-file/87%20-%20India%20FMCG%20Market%202020%20-%20Small.pdf>



that are influencing demand in the Indian FMCG industry, which is in line with global trends. Their global outlook is encouraging them to look at food alternatives that are organic and locally produced and processed. They are extremely responsive to digital marketing initiatives and are motivated by brands creating unique, personalised experiences for them.

#### Outlook

The Indian consumer is becoming increasingly brand conscious even as the market continues to be price sensitive. The modern Indian consumer is increasingly prepared to spend more to ensure hygiene, quality, and value in terms of the brand promise. As a result, there is growing recognition for brands that deliver all three.

On the manufacturing side, data-driven analytics and direct marketing initiatives via digital and social media have put brands directly in touch with the consumer. They are getting real-time insights in the consumers' buying behaviour, which is helping them to listen to their consumers, in order to tailor their offerings as per their preferences. Going forward, the consumer's needs and wants will drive growth in this industry.

The new-age Indian consumer is increasingly health conscious, and thus swiftly moving towards healthy and organic options.

### India's growing consumption engine

#### Macro drivers of the nation's consumption story

- Increasing working population with rising disposable income
- Formalisation of the economy and access to credit for discretionary spending
- Growing pace of urbanisation leading to fast-paced lifestyles, with less time to prepare food at home
- Changes in tastes and preferences of Indian consumers in keeping with global trends
- Increase in international travel has led to growing interest in international food products
- Focus on quality standards and health benefits
- Increase in consumption during special occasions and celebration

Source: Ministry of Food Processing Industries of India (MOFPI), EY and the Confederation of Indian Industry (CII)

## 3. Dairy Industry Review

### 3.1 Indian Dairy Industry

Dairy farming has traditionally been integral to India's rural economy, serving as an important source of income and employment for farmers. India is the world's largest

milk producer, accounting for ~20% of the world's milk production. It is also the world's largest consumer of milk and dairy products, consuming almost 100% of its own milk production. The dairy market in India reached a value of INR 9,168 Billion in 2018.

Milk has traditionally been an important part of Indian staple foods, and the increase in demand for milk and dairy products is due to population growth and the rise in per capita consumption aided by increasing spending power. The annual per capita consumption of liquid milk which was around 58 Litres in 2017 is expected to grow to 68 Litres by 2023. Thus, the total market for liquid milk is set to grow at a CAGR of 16.1% between 2018 and 2023, to be worth INR 8,809 Billion in 2023.

The Government of India, on its part, has undertaken several initiatives aimed at developing the dairy sector. In addition to focusing on improving cattle productivity, measures are being taken to strengthen the rural milk procurement infrastructure as well as to provide superior market linkages to the dairy farmers.

The expanding market for dairy and dairy products has seen increasing private participation in the Indian dairy sector. Both national and international players are entering the industry; competition is rising on the back of new technology being used to enrich the customer value proposition. The focus now has shifted towards value-added products such as cheese, paneer, ghee, yogurt, whey protein, and innovative products keeping in mind the specific requirements of the Indian consumers. Going forward, the market is expected to reach a value of INR 18,599 Billion by FY23, growing at a CAGR of around 15% during FY18-23.

The dairy and dairy products market is expected to reach INR 18,599 Billion by 2023, growing at a CAGR of around 15% during FY18-23.

#### 3.1.2 Market Drivers

##### • The shift from unorganised to organised sector

Historically dominated by the unorganised sector, The Indian dairy market started undergoing a systemic change with the entry of co-operatives and private dairies. As it continued to mature, larger private players entered the market and began to grow. This trend has accelerated in the recent years as international brands also made their entry. All of these changes have marked a gradual shift from the unorganised to the organised sector in the dairy industry. The organised market is expected to grow at a CAGR of 20.1% during 2018-2023 and reach a value of INR 6,392 Billion (USD 88.8 Billion), accounting for around 33.7% of the total market by the end of the forecast period. It will outstrip the unorganised market in terms of growth, which is expected to grow at a 13.8% CAGR during the same period. On the consumer side, several factors are responsible for growth in the organised sector, ranging from growth in consumption to the changing consumer preferences.

- **Rising disposable income and brand consciousness**

India's rapid economic growth, particularly over the past decade, has accelerated urbanisation as well as disposable incomes. As a result, the Indian consumer of today has a greater discretionary F&B spending power. This is accompanied by wider exposure to global cuisines on account of increasing international travel as well as access to international brands. This has created a class of consumers that is tech-savvy, aspirational, and increasingly brand conscious. They are also motivated by safety and hygiene concerns towards more technologically advanced packaging and robust quality assurance. These are among the factors also driving growth in the value-added dairy products segment.

- **Changing dietary patterns**

The Indian consumer's dietary patterns have changed in keeping with global trends. Milk still remains an important staple, along with milk-based products such as ghee, paneer, yogurt, buttermilk, desserts and more. Consumption of cheese in particular has gone up with growing adoption of Western diets which extensively incorporate its use, especially in fast foods at quick service restaurants. Milk consumption is growing since it is an important source of protein and various essential nutrients such as vitamins and calcium for the huge population of vegetarians, more than 30% of India's population is vegetarian (Source: IMARC Group). The Indian consumer is moving away from sugary beverages in search of healthier, more nutritious alternatives, which is encouraging sales of value-added dairy products such as flavoured milk and buttermilk.

- **Growing health consciousness**

A new-found health and fitness consciousness is finding its way into the Indian society, in response to the growing incidences of lifestyle-related diseases. This trend is also seeing encouragement from social media engagement, which is driving F&B brands to revise their offerings towards enhancing their nutritive value. Indian market for dairy, which has traditionally been dominated by buffalo milk, is therefore seeing a shift towards widespread adoption of cow milk as the latter is considered more nutritious with lower fat content and is easier to digest. With conversations increasingly focused on healthier lifestyles, awareness too is growing. As a result, the market for supplements too is witnessing rapid growth, for example the protein powder market that is expanding at a healthy pace.

- **Emerging value-added categories**

Premiumisation is driving a market shift towards value-added dairy products. Cheese and yogurt in varied flavours, Ultra-Heat Treated (UHT) milk, flavoured milk, whey protein and more are some of the value-added dairy products that are witnessing a fast pace of growth. Most of the organised players are expanding product portfolios in this segment. It also offers a high growth potential and improved margins versus the liquid milk and Skimmed Milk Powder (SMP) segment. The focus is also on the ready-to-consume category in this segment with pre-packaged foods.

As the market shift continues towards premiumisation, there is a clear thrust on value-added dairy products.

### 3.1.3 Government Initiatives

The Government of India is taking several initiatives to develop the dairy sector. To facilitate a technology-driven environment, the Department of Animal Husbandry, Dairy and Fisheries is charting a National Action Plan Vision 2022. This plan will help build a suitable milk-processing infrastructure to meet the rising demand for milk and other dairy products. Investments by private players in the domestic dairy sector are also expected to further enhance milk productivity.

#### Highlights of Budget 2019-20

- The increased outlay to the Rashtriya Gokul Mission of INR 750 Crore. The Government sanctioned the proposal for setting up the Rashtriya Kamdhenu Aayog for sustainable and enhanced productivity of cows, and effective implementation of laws and welfare schemes for the cows
- 2% interest subvention for farmers engaged in animal husbandry and fisheries who take loans through the Kisan Credit Card (KCC) scheme
- To help dairy farmers, the Maharashtra government had given a INR 5 per litre and a INR 3 per litre subsidy for a temporary period to tide over the lower milk prices
- The Government of India increased the export subsidy benefit on milk and milk products from 10% to 20% for a short period

#### Outlook

The long-term outlook for India's dairy sector is favourable on account of increasing population, per capita consumption, expenditure on packaged foods, and brand awareness, as well as increase in nuclear families and government support. The growth would be primarily driven by value-added milk products, expected to grow at 15-25%, and liquid milk, expected to grow at 8-10%. However, challenges exist, including fulfilling the nutritional requirements of the vast livestock, improving the productivity of animals, establishing a procurement infrastructure and cold chain to maintain quality, and distributing milk products across the country.

## 4. Company Overview

Parag Milk Foods Ltd. (PMFL) is one of the leading dairy FMCG companies in India today. The Company entered the dairy industry as a fresh milk and SMP player and now manufactures a diverse range of products including cheese, ghee (clarified butter), whey protein, paneer, curd, yoghurt, milk powders and dairy-based beverages. It has been successful in creating strong brands like GO and Gowardhan and in introducing new products like Whey Protein from 100% cow milk. In a span of 10 years, the Company has become the second-largest player in the cheese segment, with a 35% market share. The Company also supplies farm-to-home premium fresh milk from Bhagalaxmi Dairy Farms, which it markets and sells under

the 'Pride of Cows' brand in Mumbai, Pune, Surat, and Delhi-NCR region.

#### 4.1 Product Categories

##### 1. Liquid Milk

Liquid milk, which constitutes the largest segment of the Indian dairy industry, is valued at INR 3.5 trillion and accounts for ~65% of industry sales. While ~77% of liquid milk is sold through the unorganised segment, the organised segment is growing much faster. Consumers are shifting from loose liquid milk to branded packaged milk due to safety and quality concerns.

##### PMFL's value proposition

- PMFL has a strong presence in the urban parts of West and South India and is currently the largest private player in Mumbai.
- We have launched variants of milk specifically catering to the consumer in the North, e.g. Gowardhan Pure Milk in the Delhi-NCR region

##### Outlook

We expect the liquid milk market to grow at a CAGR of 16.1% during 2018-23 to INR 8,809 Billion (USD 122.3 Billion) by 2023

##### 2. Milk Products

Milk and milk products are a rich yet economical source of nutrition for millions of Indians and the country's large vegetarian population especially depends on these for their supply of protein and other essential vitamins.

**Cheese** - With the growing influence of Western cuisines and rising disposable incomes, consumers are now including cheese in their regular diet. Manufacturers are introducing a variety of flavours to suit the demands of the modern Indian consumer. With the growth in size of India's working population and their changing food patterns, the quick service restaurants (QSR) industry is experiencing a healthy growth. This, in turn, is fuelling demand for cheese. The market for cheese is expected to reach INR 73 Billion by FY23, at a CAGR of 26% from FY18 to FY23.

**Whey protein** - The sports nutrition protein supplement market in India is growing rapidly due to increasing health consciousness and awareness among fitness and health enthusiasts. Gym trainers and influencers play an important role in directing consumers towards the usage of these health supplements, resulting in the growing demand for whey protein. Whey protein sales is expected to grow at a CAGR of 22.4% during FY18 to FY23, reaching INR 14.8 Billion (USD 206 Million) by FY23.

**Ghee** - Ghee, traditionally used for cooking purposes in India, has a strong penetration in both urban as well as rural households. An increase in both rural and urban incomes, coupled with growth in the consumer base, is expected to drive consumption growth of ghee in India. The total ghee market in India is expected to be valued at INR 4,023 Billion (USD 55.9 Billion) by FY23.

**Paneer** - Paneer, the third-largest segment in the milk-based products category, is used in various recipes and forms an important component of the traditional Indian cuisine. A sizeable population in India is vegetarian, with 80% vegetarian diets found to have inadequate

amounts of protein. Paneer, with its high protein content, emerges as a rich source of protein ('rozana ka protein') for Indians. From FY18 to FY23, the total sales of paneer are expected to grow at a CAGR of 14.9%, reaching INR 555 Billion (USD 7.7 Billion).

**UHT** - UHT milk currently accounts for less than 1% of the total liquid milk market in India. With UHT milk being safe and ready to drink without the need to boil it, its popularity among urban households is expected to rise significantly in the near future. UHT sales are expected to grow at a CAGR of 25.3% during 2018-23, reaching INR 155.3 Billion (USD 2,156 Million).

**Beverages** - One of the key factors currently driving the sales of beverages in the country is the advent of the single serve, resealable plastic bottles or tetra paks which are making these beverages more convenient for consumers to store as well as easier for distributors to ship. This packaging has long shelf life, allowing the products to be transported in non-refrigerated vehicles. Besides their convenient packaging, this category has witnessed a steady shift of consumers from synthetic or carbonated to real and nutritional drinks, which has been a major factor driving the sales of this category. During FY18-23, we expect the total sales of flavoured milk to grow at a CAGR of 25.5% to INR 88 Billion (USD 1,222 Million).

**Curd** - Curd has traditionally been a common ingredient in the Indian cuisine and hence will continue to witness demand growth. From a home-made product once, it is swiftly moving into the branded and packaged foods category, on account of growing urbanisation and the need for convenience, in order to support a fast-paced lifestyle. Going forward, we expect curd sales to grow at a CAGR of 15.4% during 2018-2023, reaching INR 1,573 Billion (USD 26 Billion).

##### PMFL's value proposition

- PMFL is a strong player in the high-growth cheese segment with a 35% market share.
- PMFL has the most integrated and largest whey processing facility in the country and intends to dominate this market.
- PMFL is the largest cow ghee brand in India and is also known as the category creator.
- With innovation in manufacturing and packaging, the Company has created paneer which has long shelf life of 75 days made from 100% cow milk.
- PMFL has a strong presence in the UHT milk segment with a world-class facility.
- PMFL's distinctive home-made curd made from 100% cow's milk has created a unique brand positioning for the product.
- PMFL's 'Pride of Cows' is a pioneer in the farm-to-home milk category, supplying 100% organic cow milk to the consumer's doorstep.

##### Outlook

Buoyed by trends witnessed so far in the Indian dairy market, it is estimated that shelf space for value-added dairy products will continue to grow, both physically as well

as on digital platforms. The factors behind the encouraging numbers are the use of technology to make value-additions to dairy products to enrich and enhance taste as well as the convenience of consuming it. With increased shelf life, for example through paneer that can be stored for 75 days, value-added products are being included in e-commerce markets. With enhanced taste and nutrition content, these products are being adopted across diets and lifestyles, creating newer markets; for example, flavoured milk is being seen as a substitute for cold drinks.

### 3. Skimmed Milk Powder

SMP is important for the Indian dairy industry because milk production typically falls during the summer months in India; various industries then use SMP as a substitute for milk. With wide applications in the food and pharmaceuticals industry, the demand for SMP is expected to grow.

#### PMFL's value proposition

- The Company is de-risking itself from the SMP commodity cycle by entering into long-term contracts with leading FMCG companies and companies selling high-end nutrition products.

#### Outlook

The market is likely to maintain a CAGR of 4.4% during FY18 to FY23, reaching volumes of 759,589 metric tonnes by FY23. Growth during the forecast period is expected to be driven by an increasing demand for milk for both household and industrial consumption. (Source: IMARC Group)

### 4. Others

Includes income from smaller businesses such as cattle feed, fertilisers and a few more, that are not included in the categories mentioned previously.

### 5. Strategy

**Focus on building and strengthening milk procurement network** - Parag's 3-tier milk procurement system involves over 2,00,000 farmers from 29 districts of Maharashtra, Andhra Pradesh, Karnataka, and Tamil Nadu through more than 3,400 village-level milk collection centres collecting nearly 1.4 million litres of milk every day. The transparency and timely payments as well as other systems that support community of dairy farmers have helped the Company win the farmers' trust. Our policy of 'never say no to milk' is the cornerstone of PMFL's community-driven policies. This has earned PMFL goodwill among the farmer community. Further, the Company is leveraging a new scalable model of milk procurement, which is being tested across new geographies.

**Increase operational efficiencies** - The Company plans to leverage in-house technological R&D capabilities to maintain strict operational controls and develop customised systems and processes. Distribution capabilities are being further enhanced with the implementation of SFA (Salesforce automation) and DMS (distribution management system), along with improved inventory management, which will help with real-time data on secondary sales. PMFL's integrated technology and platformised approach are helping to reach newer markets

while optimising the management of the entire supply chain, through data-driven insights.

**Strengthen our brands** - We have steadily introduced multiple new products. In our endeavour to delight the customers and bring innovation, we introduce differentiated products. In the long term, we believe this strategy will provide an edge to PMFL over other dairy players, which are mainly focusing only on fresh products. We plan to enhance brand recall through strategic branding initiatives and increase ad spend on diverse communication channels.

**Enhance product reach** - We have a well-diversified product portfolio spanning fresh milk to value-added dairy products with longer shelf-life which allow us to distribute our products across the country. In the future, we plan to strengthen distributors and stockists base to achieve higher retail penetration and have identified specific states and regions in India to increase sales volumes.

**Increase value-added and health and nutrition product portfolio** - As the market is shifting towards premiumisation with a clear thrust towards value-added dairy products, we are the forerunners with more than 2/3<sup>rd</sup> of our portfolio comprising of value-added products. Going forward, we will continue to strengthen our value-added products portfolio with a focus on the health and nutrition category. The fitness industry in India is highly under-penetrated and is expected to benefit from the growing number of people from the age group of 20 to 45. In addition to this, growing disposable incomes as well as the increasing incidence of lifestyle-related diseases are pushing the demand for quality health and fitness products in India. By launching 100% pure vegetarian Avvatar whey protein, and Go Protein Power, we have taken the lead in the health supplements market.

### 6. Environment and Safety

PMFL is conscious of the importance of sustainability and safety. The Company's policy requires it to conduct operations in a manner that ensures the safety of all those concerned, and compliance with environmental regulations and preservation of natural resources.

### 7. Financial Review

#### Key Performance Highlights for FY19

(₹ in Million)

Year	2018-19	2017-18	Growth (%)
Revenue	23,957	19,545	23
EBITDA	2,235	1,933	16
PAT	1,207	871	39

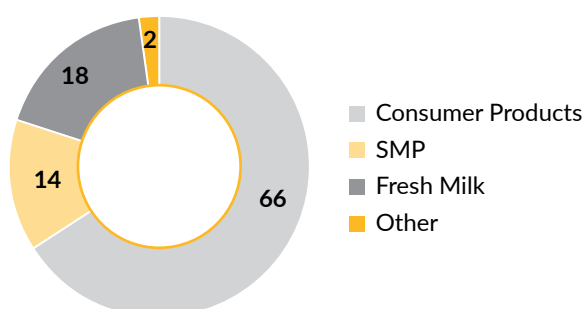
Looking at PMFL's performance highlights on a consolidated basis:

- Revenue from Operations grew 22.6% to INR 23,957 Million in FY19 from INR 19,545 Million in FY18. The revenue mix changed in favour of consumer products with the total share of consumer products increasing from 65.6% in FY18 to 66.1% in FY19. Growth in the consumer

product category was driven mainly by value-added products like cheese, whey, paneer, curd and ghee.

- Operating Profit (EBITDA) increased 15.6% to INR 2,235 Million in FY19 from INR 1,933 Million in FY18.
- Profit After Tax (PAT) stood at INR 1,207 Million in FY19, up 38.6% from INR 871 Million in FY18
- Diluted Earnings Per Share (EPS) increased to INR 14.36 in FY19 from INR 10.35 in FY18

#### Category- wise Sales Breakup



### 8. Human Resources

At PMFL, we believe people are our most valuable asset. We are constantly working towards creating a dynamic work environment that inspires high performance and encourages our people to reach their full potential.

We have been continuously striving to support businesses, implement digital solutions and build a strong culture of transparency and service orientation within the organisation.

#### Open Work Culture

We have an open work culture and an open-door policy. This allows seamless interaction between our employees and the senior leadership team. Such a work culture also creates a sense of transparency, mutual trust and camaraderie. Our participative culture fosters better employee engagement and work-life balance.

#### Training and Development

Our Training and Development (T&D) initiatives help employees stay abreast of the latest developments in the industry. A T&D calendar schedule is drawn up for every department, which is implemented regularly. Along with internal T&D programmes, we also send select employees for external training and skill development.

We recognise the fact that employee satisfaction is intricately woven with the success of any organisation. We offer our people an enriching work experience that is beneficial for them and the organisation in the long run.

### 9. Outlook

Going forward, PMFL will mainly focus on categories such as ghee, cheese, fresh category products like milk, paneer and curd, health and nutrition products and beverages.

The Company is also focusing on expanding its distribution network pan-India and becoming a household name as well as providing fresh products to consumers. In order to deliver on its growth strategy, the Company has focused on improving the reach and range of its products, the execution and use of modern technologies across its value chain, the automation of its operation processes, while maintaining high quality standards. PMFL has continued its bequest of engaging closely with farmers by introducing various programmes aimed at improving milk quality and quantity, health and hygiene of cattle, quality of cattle feed, breeding programmes, etc. In addition, it is expanding its procurement network in existing as well as new areas. The growth in the industry will continue to be driven by the growing middleclass and urban population and changing dietary patterns towards protein-based foods, and PMFL is geared to make the most of these rising opportunities.

The Company is focusing towards expanding its distribution network pan-India and becoming a household name as well as providing fresh products to consumers.

### 10. Internal Controls and Adequacy

The Company's Internal Financial Control (IFC) framework has robust internal control procedures commensurate with its size and operations. The Company's internal system is designed to ensure management efficiency, reliability of accounting practices, compliance with all applicable laws and regulations, and the protection of the Company's assets. The Board of Directors, responsible for the internal control system, set the guidelines, verifying their adequacy, effectiveness and application. The Company regularly assesses the effectiveness of controls to provide an objective and independent opinion on the overall governance processes within the Company, including the application of a systematic risk management framework.

The internal controls are constantly upgraded based on internal audit recommendations. Every quarter, based on the recommendations, corrective steps and their implementation status are presented to the Board of Directors. The Company also has a dedicated code of conduct for its employees, which are periodically reviewed and monitored. Prompt action is initiated in the event of violations of the code of conduct.

### 11. Cautionary Statement

Certain statements in the Management Discussion and Analysis section may be 'forward-looking'. Such 'forward-looking' statements are subject to risks and uncertainties and therefore, actual results could be different from what the Directors envisage in terms of the future performance and outlook.

# Directors' Report

Dear Members,

The Board of Directors are pleased to present the Twenty Seventh Annual Report on the business and operations of the Company together with the Audited Financial Statements (standalone and consolidated) for the financial year ended March 31, 2019.

## Financial Highlights

The summarized financial performance of the Company (Standalone & Consolidated) for the Financial Year 2018-2019 is summarized as under:

Particulars	Standalone		Consolidated	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Revenue from Operations	23,461.31	19,181.18	23,956.64	19,545.06
Other Income	40.49	56.30	102.63	119.98
<b>Total Income</b>	<b>23,501.80</b>	<b>19,237.48</b>	<b>24,059.27</b>	<b>19,665.04</b>
Earnings before Interest, Depreciation and Tax	2,215.50	1,933.46	2,337.59	2,052.86
Less :- Depreciation	481.37	487.56	501.85	505.95
Less:- Interest	356.68	369.67	357.88	357.33
Profit before Tax before exceptional items	1,377.45	1,076.23	1,477.86	1,189.58
Exceptional Items	-	-	-	-
Profit from ordinary activities before tax	1,377.45	1,076.23	1,477.86	1,189.58
Less:- Tax expenses	236.92	291.43	270.67	319.02
<b>Profit After Tax (PAT)</b>	<b>1,140.53</b>	<b>784.80</b>	<b>1,207.19</b>	<b>870.56</b>
Dividend on equity shares (including tax on dividend)	101.40	76.06	101.40	76.06
<b>Earnings per Share</b>				
Basic	13.59	9.36	14.39	10.38
Diluted	13.56	9.33	14.36	10.35

- Final proposed dividend for 2018-19: ₹ 1.00 per equity share of ₹ 10 each

The financial statements of the Company for the year ended March 31, 2019, have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, read with Section 133 of Companies Act, 2013, (hereinafter referred to as the "Act") and other relevant provisions of the Act. In preparation of the annual accounts there are no material changes from the prescribed norms stipulated by the Accounting Standards. Accounting policies have been consistently applied except where a revision requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis. The Company discloses consolidated and standalone financial results on a quarterly basis, which are subjected to limited review, and publishes consolidated and standalone audited financial results on an annual basis.

## Financial Performance

The Company reported growth in revenue from operations of 22.3% over the Previous Year. At Standalone level, the Revenue from operations for FY 2018-19 stood at ₹ 23,461.31 Million

as compared with ₹ 19,181.18 Million in the Previous Year 2017-18. The Profit before Tax for FY 2018-19 stood at ₹ 1,377.45 Million as against ₹ 1,076.23 Million in the Previous Year 2017-18. The Profit after Tax for FY 2018-19 stood at ₹ 1,140.53 Million against ₹ 784.80 Million reported in the Previous Year 2017-18.

The Consolidated Revenue from operations for FY 2018-19 was ₹ 23,956.64 Million as compared to ₹ 19,545.06 Million in the Previous Year 2017-18, registering a growth of 22.6%. The Consolidated Profit before Tax for FY 2018-19 stood at ₹ 1,477.86 Million as compared to ₹ 1,189.58 Million in the Previous Year 2017-18. The Consolidated Profit after tax for FY 2018-19 stood at ₹ 1,207.19 Million as compared to ₹ 870.56 Million in the Previous Year 2017-18.

## Dividend

Based on the Company's performance, the Board of Directors recommend a final dividend of ₹1.00/- per equity share i.e. 10% of face value of ₹ 10/- each for the financial year ended March 31, 2019. The dividend if approved by the Members in the ensuing Annual General Meeting (AGM) will be payable to those Shareholders whose names appear in the Register of Members of the Company as on September 23, 2019. The register of

members & share transfer books will remain closed from Tuesday, September 24, 2019 to Monday, September 30, 2019 (both days inclusive). The AGM of the Company is scheduled to be held on September 30, 2019.

The total dividend on equity shares including dividend distribution tax would aggregate, ₹ 101.40 Million.

### Transfer to General Reserve

The Board of Directors of the Company has decided not to transfer any amount to the Reserves for the year under review.

### Share Capital

The Company's paid-up Equity Share Capital continues to stand at ₹ 84,11,45,820/- made up of 8,41,14,582 Equity Shares of ₹ 10/- each. During the year, the Company has not issued any shares or convertible securities or shares with differential voting rights options or sweat equity or warrants.

However the Company has granted 166,015 options to the eligible employees of the Company from the ESOP Trust maintained by the Company at a fair market value of ₹ 258.90 (Two Hundred Fifty Eight Rupees and Ninety Paise) per option (based on the closing market price of ₹ 258.90 of the Company's shares on NSE as on October 31, 2018) under the renamed scheme Parag Milk Foods Limited – Employee Stock Option Scheme, 2018 – "ESOS 2018", the other terms and conditions will remain the same as stated in erstwhile ESOS 2015.)

As on March 31, 2019, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

### Business Overview

Parag Milk Foods is not just any dairy company. We are a 100% cow's milk company with an integrated business model and strong R & D capabilities. As Innovation is the DNA of Parag, it has allowed us to remain ahead of curve in every chain of the business right from our dairy farming, to milk procurement, to product development, processing, distribution, as well as branding and marketing. Our manufacturing units have been strategically located at Manchar in Maharashtra, Palamaner in Andhra Pradesh and Sonipat in Haryana with the capacity of 2.9 Million liters per day. We have been investing in the expansion and modernization of our three existing manufacturing plants. Our well accepted or recognized brands like Gowardhan, Go, Topp UP, Pride of cows, Avvatar, Milkrich and slurp, backed by distinctive marketing campaigns and well – engineered promotion and distribution strategies, have allowed us to become well established Dairy FMCG company. Our promise to deliver fresh and innovative products to consumers has been the driving force behind our success over two decades. The special relationship that consumers enjoy with each of our products is testimony to the quality and purity with which they are made.

Consumers preference is the heart of our every offering. Each of our categories – Ghee, Cheese, Fresh products, Health & Nutrition, Beverages & UHT, Powders, RTE – sweets include a portfolio of products that serves consumers across the length and breadth of India. With seven brands spanning seven distinct categories, the company is part of the daily life of millions of consumers. Our portfolio includes leading brands such as Gowardhan, Go, Pride of cows, Milkrich, Topp UP, Avvatar and

Slurp. Our products are available across India. We have a clear and compelling strategy that focuses on Innovation.

We have a strong R&D research team which is dedicatedly working towards creating and producing new innovations and products in the F&B and nutrition category.

To match the taste and preferences of the Southern part of India, we recently launched a new variant Gowardhan Swarna ghee. It is rich in aroma and flavour.

To satiate the consumers' changing preferences while at the same time to provide nutrition, we have introduced 'Kesar Dahi' – a premium product under the brand Gowardhan. It is a flavored curd made from rich and natural kesar (saffron), is an effort towards expanding the dahi portfolio. Gowardhan Kesar Dahi is made from 100% cow's milk and has an authentic saffron taste to meet consumer's evolving taste and needs. It is natural as it does not contain added preservatives or artificial colours.

We entered in to the ready-to-eat Indian desserts market by introducing Gulab Jamun and Rasgulla, under the brand Gowardhan. They are made from Gowardhan Ghee and cow milk. We have introduced these two products on a small scale, which we will gradually scale up across India. The product has been launched across India, with the main markets for Gulab Jamun being West, North and South India, and those for Rasgulla being North and East India. We also plan to introduce Mysore Pak, Sonpadi etc., in the future. We are excited to bring this range of desserts to the market.

The evolving fitness and sports culture in India has increased the demand for sports nutrition supplements. Avvatar entered into the above category as it is the first 100% vegetarian whey protein made in India. Avvatar's products are quality tested at every stage and have been certified by Informed-Sport, UK- a global leader in sports nutrition certification. Hence, it is considered the best Indian whey protein product. This category is going to be one of our prime area of focus going forward.

We have launched a new variant "Avvatar Advanced Mass Gainer" to expand the basket of product offerings in order to cater to the varied consumer utility, taste, and convenience. Earlier, we had introduced Avvatar whey protein which had garnered huge consumer acceptance. It is the 1st Mass Gainer in India to be certified by Informed Sports from a WADA approved lab in UK confirming that it is free of banned substances, making it a perfect product for both consumers and athletes alike. It is specially designed for Indian consumers after understanding Indian dietary patterns. It has no added sugar which ensures that all the required calories comes from good quality proteins and carbohydrates.

We have also designed a product called "Avvatar Advanced Muscle Gainer" which supports lean muscle gain with controlled fat levels. The product is available in a rich chocolate flavour with pack sizes of 3.3 lbs, 6 lbs and 10 lbs. The science behind the product is a protein-carbohydrate matrix which is a combination of both complex and simple carbohydrates along with proteins so that while the body's immediate need for energy is met by the simple carbohydrates, the complex carbohydrates provide a sustained release of energy, sparing the protein for muscle repair and growth. This method is more suitable for long term muscle gain, unlike the traditional methods that make the body go through the extreme of gaining unhealthy fat first through bulking up temporarily, and then having to cut down again.

The brand also includes 'Rapid', a Whey based energy drink. This is a high growth market that offers a massive opportunity for future growth as more Indians turn towards fitness.

After experiencing a successful launch of the Avvatar Advanced Muscle Gainer and Mass Gainer we also entered into whey isolate category with the launch of 'Avvatar ISORICH'. The first truly 'Made in India' whey protein Isolate, Avvatar ISORICH is specially designed to support the lean muscle gains by replenishing high protein needs required by the body. It has been specially formulated to meet the requirements of the Indian consumers based on Indian dietary patterns and body types and is best suited for lactose intolerant, strict calorie and carbohydrate watchers. Each serving delivers 29gm of pure whey protein isolate which is one of the highest in the category. ISORICH is available in two exciting flavours - cardamom and chocolate. The product is sugar free, soya free and gluten free.

We have also appointed Mr. Sunit Jadhav as Avvatar Brand Ambassador who is an Indian bodybuilder and recently won Mr. Asia title in heavy weight category. He is the well known face in the fraternity and played in the victorious Maharashtra shri six times in a row. He is associated with the brand because he believes in the Avvatar's philosophy of #Reconstructyourself

To strengthen our health and nutrition category last year we have introduced 'Go' Protein Power. As we have committed to deliver products for mass as well as niche consumers, we have kept our promise in health and nutrition segment as well. Avvatar is the sport nutrition which can be consumed by fitness freaks, athletes, gym goers etc, whereas Go Protein power is the protein supplement which can be consumed by all age groups. Go Protein Power is a 100% vegetarian protein. It contains easily digestible protein made from cow's milk which helps in building lean muscle as well as repairs muscle and tissue. It is quality tested at every stage and hence, poised to be of high quality and purity.

We have collaborated with Swedish research organisation ColoPlus AB to launch a colostrum-based nutrition product in India called Go Colo Power. We acquired the patent rights for this technology from Coloplus AB which is a research and development company that develops colostrum-based therapeutic food. Colostrum is the first, pre-milk fluid of the cow after the calf is born and considered to be a good source of many vitamins and minerals. We have set up a mechanism to source colostrum milk from farmers, which otherwise goes waste and will offer them higher returns. The product is being made at Manchar plant in Maharashtra. Go Colo Power is available in powder form and can be consumed by mixing into various food items such as porridge, soups, etc. The high colostrum values help fight diseases that reduce the body's immunity. We will leverage on its distribution channel including modern-trade stores, chemists channel and e-commerce.

To strengthen our footprint in Northern and North - East region, we acquired the Danone Foods and Beverages India Pvt. Ltd, the local entity of French dairy firm Danone SA. facilities at Sonipat, Haryana. It contributed ₹ 65-70 crore to our total turnover during the last fiscal. We are currently processing about 60,000 litres per day of milk at Sonipat which is being sourced from Maharashtra, Haryana and Rajasthan. The process of setting up milk procurement network in this region is ongoing and will help us grow further.

Our premium milk brand 'Pride of Cows' is now available in Delhi. We have tied up with Indigo Cargo services for airlifting the products to Delhi on a daily basis, and we ensure that the milk is maintained at 4 degrees Celsius temperature throughout, until delivery. Pride of Cows has drawn a huge appreciation from our discerning clientele that values fresh, organic produce that helps them live a rich, wholesome life.

Along with the range, we strongly believe in reach as well. Our distribution model which is based on the theory of constraint since last year allowed us to improve the distribution reach with lower stocks outs, reducing non - moving inventory and better rationalisation of inventory at retailers, dealers, and at the company level. Our retail touchpoints have increase to 3.5 lakh in FY 2018-19 from the 2.5 lakh in FY 2017-18. Availability levels for our products at the depot and distributor level have been steadied at ~95% while ensuring freshness and timely replenishment, smaller orders, quick problem resolution, and improved depot and inventory norms are helping us to serve our customers with greater consistency and efficiency. Plans are to take this model across the country.

### Export Market

PMFL enjoys a strong presence and brand recall across several geographies through its exports across UAE, Singapore, Oman, Kuwait, Mauritius, New Zealand, Congo, Hong Kong, Philippines, Sri Lanka, Bangladesh, Maldives, USA etc. We have also exported sizable volumes of dairy commodities to Saudi Arabia, Afghanistan, Pakistan, Peru, Thailand, Turkey, Syria and others. Export sales amounted to ₹ 761.9 Million.

### Material Changes Affecting The Company

There are no material changes and commitments affecting the financial position of the Company, which occurred after the end of the financial year i.e., March 31, 2019 till the date of this report.

### Performance of Subsidiary Company

As on March 31, 2019, the Company has one Wholly Owned Subsidiary called Bhagyalaxmi Dairy Farms Private Limited (BDFPL) which is located at Manchar, Pune. BDFPL, which is fully automated cow farm housing over 2100 Holstein, breed cows with superior quality yield. BDFPL was established with the aim to educate farmers about best practice of breeding, feeding, animal management and improving productivity.

Parag Milk Foods, formed an R& D Centre called Bhagyalaxmi Dairy Farms in 2005 with the objective of providing scientific knowledge of feeding, breeding, milking and processing. We can proudly say that we are the pioneers to introduce safe and pure milk in India as per global standards. At Bhagyalaxmi Dairy Farms, we host more than 2100 HF cows which are known for high quality and quantity of milk. We love to pamper and nurture our cows because we believe that happy cows gives better milk. We have developed the finest cow comfort technology at our farm which includes rubber mats to lie on, fans and foggers to get cooled under it, brushes to groom their body, clean RO treated water, calm soothing music and insulated roof of cow sheds to reduce heat stress.

Along with our cow comfort technology, our panel of expert nutritionist plan a wholesome meal according to cows age and



stage of lactation to ensure the right balance of minerals and vitamins. We called this "total meal ration" to keep our cows in good health with the objective of getting nutritive milk which is full of love and goodness. Our wholesome meal consists of alfa, soya, maize, seasonal vegetables and greens. We are continuously improvising in our stringent quality policy so that our milk is free of any antibiotic residue. We are the first dairy farm in the country which has implemented naturopathy by using homeopathy and ayurveda to treat our cows. This therapy does not keep any residue behind in the milk. Thus, a step forward towards SAFE MILK. We have the finest international technology for milking process with our 50-point automated rotary milking parlor. Our strict pre milking procedure ensures milk is hygienically produced and every cow goes through a thorough health check thrice in a day. On perfecting our practices to achieve Safe and pure milk, we introduced first ever premium and 'by invitation only' brand "Pride of Cows" in India in 2011.

Pride of cows is milked from only HF cows owned by BDFPL, processed in a controlled environment and delivered within 8-10 hours of milking process. Hence, benefits of Pride of Cows milk in a nutshell are antibiotic free, untouched by human hands, no additives or preservatives, low bacterial count, pasteurized and bottled in tamper proof PET technology.

Pride of Cows caters its premium service across four major metros in India Mumbai, Delhi, Surat and Pune. We deliver Farm fresh milk to more than 45000 consumers at their doorstep within 8-10 hrs of milking. We aim to have our brand footprints across forty airports in India. Not only in India, we also have our footprints globally in Singapore.

The farm which started as an R & D center with the objective of creating best milking practices among farmers, today it is also known as the "Zero wastage farm" where we give back to society by reducing, reusing and recycling. Our farm is running on the electricity generated from biogas and supporting green gas emission. From the cow dung & urine, we have produced a range of organic fertilizers for our farmers. With experience, we know the requirement of cow nutrition and have thus created a range of cattle feed. We extend our services by providing dairy farming workshops for our farmers. Pride of Cows PET bottles are collected from our consumers and recycled to make products like T shirts, bags and shoes, our customer feels proud to be associated with us in this good cause.

BDFPL's total revenue stood at ₹ 726.54 Million in FY 18-19 in comparison to ₹ 832.45 Million in FY 17-18. BDFPL made profit after tax of ₹ 66.64 Million for FY 18-19 in comparison to ₹ 85.78 Million in FY 17-18.

Pursuant to the provisions of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Company in the prescribed format Form AOC-1 is appended as **Annexure 'I'** to this report.

The Company has no associate companies within the meaning of Section 2(6) of the Act,

Pursuant to the provisions of Section 136 of the Act, the financial statements of the subsidiary are uploaded on the website of the Company [www.paragmilkfoods.com](http://www.paragmilkfoods.com) and shall be available for inspection by any Member at the registered Office of the Company on all working days (Monday to Friday)

during business hours till the date of the Annual General Meeting. Any Member desirous of having a copy of the Financial Statements of the subsidiary company can obtain the same from the Company by making a written request in this regard.

Pursuant to the Listing Regulations, the Company has formulated a policy for determining its "material subsidiaries". The said policy is uploaded on the website of the Company - [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

### Consolidated Financial Statements

In accordance with the provisions of sub-section (3) of Section 129 of the Act read with the Rules framed thereunder and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (**hereinafter referred to as the "SEBI Listing Regulations"**), the audited consolidated financial statements of the Company, including the financial details of the Subsidiary company, form part of this Annual Report. The Consolidated financial Statements have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act.

### Directors and Key Managerial Personnel

In accordance with the provisions of Section 152 of the Act and other applicable provisions, if any, of the Act, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, Mr. Devendra Prakash Shah (DIN: 01127319) Whole time Director retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

The Independent Directors of the Company viz. Mr. Narendra Ambwani and Ms. Radhika Pereira were appointed as Independent Directors with effect from May 26, 2015 and Mr. Nitin Dhavalikar was appointed as an Independent Director with effect from July 28, 2015 to hold office for a term of five consecutive years, in line with the provisions of Section 149 and other applicable provisions of the Act including the rules made thereunder and the Listing Regulations.

The Nomination and Remuneration Committee and the Board of Directors in their meeting held, have recommended and approved the re-appointment of Mr. Narendra Ambwani, Mr. Nitin Dhavalikar and Ms. Radhika Pereira, as Independent Director for a second consecutive term period of 5(Five) years subject to approval of Members at this ensuing Annual General Meeting of the Company.

In compliance with terms of Regulation 36(3) of the Listing Regulations brief resume, expertise and other details of the directors proposed to be re-appointed are given in the Notice convening the ensuing Annual General Meeting. None of the Directors are disqualified for appointment / re-appointment under Section 164 of the Act. None of the Directors is related inter-se to each other.

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. In the opinion of the Board, the

Independent Directors, fulfil the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act and Company's Code of Conduct for Directors and Senior Management Personnel.

### Key Managerial Personnel (Kmp)

Pursuant to the provisions of Section 2(51) and Section 203 of the Act read with Rules framed thereunder the following person were Key Managerial Personnel of the Company as on March 31, 2019

1. Mr. Devendra Prakash Shah, Whole time Director
2. Mr. Pritam Prakash Shah, Managing Director
3. Mr. Vimal Agarwal, Chief Financial Officer
4. Ms. Rachana Sangneria, Company Secretary & Compliance Officer

### Meetings of the Board of Directors and Its Committees

The Board of Directors of the Company met 5 (five) times during the year. The details of composition of the Board and its Committees, their meetings held during the year under review and the attendance of the Directors / Committee Members at the respective meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

During the year under review, the Board accepted all the recommendations made by the Audit Committee. The Board evaluates the recommendations made by Audit Committee and seeks further information as they may require. There were no instances where the Board has not accepted any recommendation of Audit Committee.

### Committees of the Board

The Board of Directors has the following Committees:

1. Audit Committee
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Corporate Social Responsibility Committee;
5. Finance Committee

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

### Audit Committee

The Audit Committee met four times during the year the details of the meetings, composition of the Audit Committee and terms of reference of the Committee are given in the Corporate Governance Report, which forms a part of this Report.

### Performance Evaluation of Board

During the year, the Board carried out an annual evaluation of its performance as well as of the working of its committees and individual Directors, including Chairman of the Board.

This exercise was carried out through a structured questionnaire prepared separately for the Board, committees, Chairman and individual Directors. Independent Directors carried out the Chairman's performance evaluation at a separate meeting. The questionnaire and evaluation process was reviewed in the context of amendments to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 brought about by the Kotak Committee recommendations, which require the Board to confirm fulfilment of the independence criteria by Independent Directors and their independence from management. The questionnaire for Board evaluation is prepared taking into consideration various aspects such as effectiveness and composition of Board, providing of strategic direction by Board, performance management of Board, risk management, core governance and compliance, Board's functioning, quality, quantity and timeliness of the information flow between Board members and management, etc. Performance of the committees is evaluated based on their effectiveness in carrying out their respective mandates. Peer assessment of Directors, based on parameters such as participation and contribution to Board deliberations, ability to guide the Company in key matters, knowledge and understanding of relevant areas were received by the Board for individual feedback. The Board acknowledged the key improvement areas emerging through this exercise and action plans to be taken. All the Directors were satisfied with the evaluation process.

### Familiarization Programmes for the Independent Directors.

The Company believes that a Board, which is well informed / familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations.

In pursuit of this, the Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Committee meetings to update them on the changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations & economic environment and on matters affecting the Company, to enable them to take well-informed and timely decisions. Detailed presentations are made by Department heads to update the Directors on the various operations or products of the Company.

The familiarisation programme for Independent Directors in terms of provisions of Regulation 46(2)(i) of Listing Regulations, is uploaded on the website of the Company at [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

### Nomination and Remuneration Policy

The Board of Directors has framed a Nomination and Remuneration policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members.

Appointment and Remuneration of Directors is in accordance with the said policy formulated pursuant to Section 178 of the

Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2019 and the policy is available on the website of the Company viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

### Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, with respect to the Director's Responsibility Statements, the Board of Directors of the Company hereby confirms:

- a. that in the preparation of the annual accounts for the Financial Year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to 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 and of the profit and loss of the Company for the Financial Year ended March 31, 2019.
- 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 Financial Year ended March 31, 2019 on a going concern basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Disclosure Regarding Issue of Employee Stock Options

The Company had instituted the ESOP Trust in the name of "Parag Milk Foods Employees Stock Option Trust" and the "Parag Milk Foods Limited-Employee Stock Option Scheme 2015" (ESOS 2015) during the Pre-IPO period. The ESOS 2015 is in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the relevant provisions of the Act along with the Rules made thereunder including any amendments made there to or notifications thereof.

During the year under review, from the 2,27,000 options granted & vested from the ESOP Trust, 50,985 Options were exercised by the employees pursuant to Parag Milk Foods Limited-Employee Stock Option Scheme 2015" (ESOS 2015) the said ESOS 2015 was ratified by the shareholders of the Company in the 26th Annual General Meeting held on September 19, 2018.

The scheme was renamed to "Parag Milk Foods Limited-Employee Stock Option Scheme 2018"- ESOS 2018, maintaining all the terms and conditions of the erstwhile ESOS 2015. The Nomination & Remuneration Committee on November 01, 2018 from the remaining shares in the ESOP Trust approved

grant of 166,015 options to the eligible employees at Fair Market Value of the shares of the Company at ₹ 258.90 (Two Hundred Fifty Eight Rupees and ninety paise) per option (based on the closing market price of ₹ 258.90 of the Company's shares in NSE on October 31, 2018) under the Parag Milk Foods Limited -Employee Stock Option Scheme, 2018- "ESOS 2018" (erstwhile ESOS 2015). The said options carry the right to apply for equivalent number of equity shares of the Company of the face value of ₹ 10/- each

As per Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, read with Securities and Exchange Board of India circular dated June 16, 2015, the details of the ESOS are uploaded on the Company's website.

The Company has received a certificate from M/s. Haribhakti & Co. LLP, chartered Accountants that ESOS 2018 (erstwhile ESOS 2015) has been implemented in accordance with SEBI regulations and the resolution passed by Members in the General Meeting. The certificate will be placed at the ensuing Annual General Meeting for inspection by Members.

Details required to be provided under Section 62 of the Act, and Rule 12(9) of Companies (Share Capital and Debenture Rules, 2014) and SEBI (Share Based Employee Benefits) Regulations, 2014 are set out as **Annexure 'II'** to this Report

### Internal Financial Control Systems and Their Adequacy

The Company has an effective internal control and risk mitigation system, which is constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to M/s. KPMG (In India). The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides bench marking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit Committee plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

### Risk Management Framework

The Company has a robust Risk Management framework to identify measure, manage and mitigate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business strategy and enhance the Company's competitive advantage. This risk framework thus helps in managing market, credit and operational risks and quantifies potential impact at a Company level. The Audit Committee reviews these risks on periodical basis and ensures that the mitigation plan is in place. The Company also has a mechanism in place to inform the Board Members about

risk assessment, minimization procedures and periodical review thereof.

The risks faced by the Company and the various measures taken by the Company are detailed in Management Discussion and Analysis section.

### Vigil Mechanism / Whistle Blower Policy

In compliance with the provisions of Section 177 of the Act and Regulation 22 of the SEBI Listing Regulations, the Company has established a vigil mechanism to provide a framework for promoting responsible and secure whistle blowing and to provide a channel to the employee(s), Directors and other stakeholders to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policy/ies of the Company, as adopted/framed from time to time.

The details of said vigil mechanism are given in Corporate Governance Report, which forms part of this Annual Report. The Whistle Blower Policy has been uploaded on the Company's website i.e. [www.paragmilkfoods.com](http://www.paragmilkfoods.com)

### Corporate Social Responsibility (Csr)

The Company has constituted a Corporate Social Responsibility Committee ("CSR Committee") in accordance with Section 135 of the Companies Act, 2013. During the year, the Board of Directors of on the recommendations of the CSR Committee have undertaken the projects in accordance with Schedule VII of the Act and the Company's CSR Policy.

The Report as required under Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure 'III'** and forms an integral part of this Report. The Policy has been uploaded on the Company's website at [www.paragmilkfoods.com](http://www.paragmilkfoods.com)

### Related Party Transactions

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee for approval. The Audit Committee grants omnibus approval on an annual basis for the transactions that are in the ordinary course of the business and repetitive in nature. All transactions pursuant to the Omnibus approval are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

There are no material related party transactions entered into during the Financial Year by the Company. The disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable to the Company. Members may refer to Note no. 43 to the financial statement, which sets out, related party disclosures pursuant to IND AS-24.

The policy on Related Party Transactions as formulated by the Board of Directors is available on the Company's website i.e. [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

### Particulars of Loans Granted, Guarantee Provided and Investments Made Pursuant to the Provisions of Section 186 of the Companies Act, 2013

Details of loans granted, guarantees provided and investments made by the Company under the provisions of Section 186 of the Companies Act, 2013, are provided in the Notes to Financial Statements of the Company, forming part of this Report.

### Buy Back

The Company has not bought back any of its securities during the Financial Year ended March 31, 2019.

### Deposits

The Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 and hence there are no unpaid / unclaimed deposits nor is there any default in repayment thereof.

### Prevention of Sexual Harassment of Women At Workplace

The Company has always believed in providing a safe and harassment free workplace for every women working in Company's premises, through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place policy on prevention, prohibition and redressal of sexual harassment at workplace, which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

During the Financial Year 2018-19, the Company has not received any complaint on sexual harassment.

### Corporate Governance

The Report on Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report. The requisite Certificate from M/s. N.L. Bhatia & Associates, Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed hereto and forms part of this Report.

### Management Discussion and Analysis

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in a separate section and forms an integral part of this Report.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company in its regular course of business is vigilant to conserve the resources and continuously implements measures required to save energy.

The business activities of the Company are not specific to any technology requirements. In the course of operations, processes are formed and implemented to achieve operational efficiencies in the Company and in its subsidiary which assist in maintaining product quality and cost control.

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed under clause (m) of sub-section(3) of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are provided in the prescribed format and is enclosed as **Annexure 'IV'**.

### Extract of Annual Return

Pursuant to the provisions of sub-section (3) of Section 92 and sub-section (3) of Section 134 of the Act and the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on March 31, 2019 in prescribed, Form MGT-9 is annexed to this Report as **Annexure 'V'**.

### Particulars of Employees and Related Disclosures

Disclosure with respect to the remuneration of Directors and employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided under **Annexure 'VI'**, which is annexed to this Report.

In terms of the provisions of first proviso to Section 136(1) of the Companies Act, 2013 information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is excluded from the Annual Report being sent to the Members of the Company and is available for inspection by the Members at the Registered Office of the Company during business hours on working days up to the date of the forthcoming Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary and the same shall be provided.

The full Annual Report including aforesaid information is being sent electronically to all those Members who have registered their email addresses and is also available on the website of the Company.

### Significant / Material Orders Passed by the Regulators

There were no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

### Compliance with Secretarial Standards

During the year under review, the Company has complied with the applicable Secretarial Standards i.e., SS-1 and SS-2, relating to "Meetings of the Board of Directors" and "General Meetings", respectively, issued by The Institute of Company Secretaries of India.

### Statutory Auditors

M/s. Haribhakti & Co. LLP, Chartered Accountants, Pune (Firm Registration No. 103523W / W100048) were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting of the Company held on 26th June, 2015. In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting. In view of the same, the matter for ratification of appointment of Statutory Auditors of the Company, has not been included in the notice calling the forthcoming AGM.

The notes on financial statements referred to in the Auditors Report are self-explanatory and do not call for any further comments and explanations. The Auditors' Report does not contain any qualification, reservation or adverse remark. The Auditors have not reported any fraud under Section 143 (12) of the Act and therefore no detail are required to be disclosed under Section 134(3)(ca) of the Act.

### Cost Auditors

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the Company has been carrying out audit of cost records every year.

The Board of Directors, on the recommendation of the Audit Committee, has re-appointed M/s. Harshad Deshpande & Associates, Cost Accountants, Pune (Firm Registration Number: 00378) as the Cost Auditors to audit the cost records of the Company for the Financial Year 2019-20. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

The Company has received consent from M/s. Harshad Deshpande & Associates, Cost Accountants to act as Cost Auditors of the Company for FY 2019-20 along with certificate confirming their independence and arm's length relationship.

During the year 2018-19, the Cost Accountants had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act

### Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. N. L. Bhatia & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the financial year 2018-19. The Secretarial Audit Report in Form MR-3 is annexed as **Annexure 'VII'** to this Report.

There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year 2019, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

### Annual Secretarial Compliance Report

The Company has undertaken an audit for the financial year 2018-19 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder.

The Annual Secretarial Compliance Report has been submitted to the stock exchanges within 60 days of the end of the financial year.

### Acknowledgements

The Board of Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

The Board places on record its appreciation for the support and co-operation the Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. The Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be the Company's endeavor to build and nurture strong links with the trade based on mutuality of benefits,

respect for and co-operation with each other, consistent with consumer interests.

The Board of Directors also take this opportunity to thank all Farmers, Consumers, Employees, Shareholders, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

For and on behalf of the  
Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

Place : Mumbai  
Date : May 11, 2019

**ANNEXURE 'I'****Form AOC-1**

(Pursuant to first proviso 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 as per the Companies Act, 2013 for the financial year ended March 31, 2019

(Amount in Million)

1.	Name of the Subsidiary	Bhagalaxmi Dairy Farms Private Limited
2.	The date since when subsidiary was formed	December 2, 2003
3.	Reporting period for the subsidiary	April 1, 2018 to March 31, 2019
4.	Reporting Currency	Indian Rupees
5.	Share Capital	57.85
6.	Reserves & Surplus	585.14
7.	Total Assets	<b>940.78</b>
8.	Total Liabilities	<b>297.79</b>
9.	Investments	Nil
10.	Turnover (total revenue including other income)	<b>726.54</b>
11.	Profit before Taxation	<b>100.39</b>
12.	Tax Expense	33.75
13.	Profit after Taxation	<b>66.64</b>
14.	Other Comprehensive Income	(0.04)
15.	Total Comprehensive Income	66.60
16.	Proposed Dividend	NIL
17.	% of shareholding	100.00%

**NOTE:**

The Company does not have any Associate / Joint Venture Company.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 11, 2019**Devendra Shah**  
Chairman  
DIN: 01127319**Pritam Shah**  
Managing Director  
DIN: 01127247

## ANNEXURE 'II'

Details of Employee Stock Options Scheme under Section 62 of the Companies Act , 2013 read with rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Securities and Exchange Board of India (share based Employee Benefits) Regulations, 2014

The details of activity under ESOS 2015 are summarized below:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	126,927	250.00	126,927	250.00
Granted during the year	166,015	258.90	-	-
Forfeited/lapsed during the year	75,942	250.00	-	-
Exercised during the year	50,985	250.00	-	-
Exercisable/ Vested during the year	-	-	-	-
Outstanding at the end of the year	166,015	258.90	126,927	250.00

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 11, 2019

**Devendra Shah**  
Chairman  
DIN: 01127319



## ANNEXURE 'III'

## CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and as per Rule 8(1) of Companies (Corporate Social Responsibility Policy) Rules, 2014]

### 1. Brief outline of the Company's Corporate Social Responsibility Policy (CSR Policy), including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR Policy

The Company's CSR Policy includes activities which are in line with Schedule VII of the Companies Act, 2013. The Company shall take up activities mentioned in its policy as and when fruitful opportunity exists

The Board of Directors of the Company has approved the CSR Policy as recommended by the Committee and the same has been uploaded on the Company's website at [www.paragmilkfoods.com](http://www.paragmilkfoods.com)

As part of its initiative, under the Corporate Social Responsibility ("CSR") Company continues to contribute to Panjrapole where all cattle are accepted free and are taken care of. To empower the community around the local vicinity, the Company has undertaken activities promoting education, healthcare, social welfare and help to the local farmers and rural development in accordance with the CSR Policy of the Company, read with Schedule VII of the Act.

### 2. The Composition of the CSR Committee as on 31st March 2019 is as follows:

1. Mr. B.M.Vyas-Chairman- Non Executive Director
2. Mr. Devendra Shah- Member-Executive Director
3. Ms. Radhika Pereira-Member- Independent Director
4. Mr. Narendra Ambwani- Member- Independent Director

### 3. Details of CSR Spend

Sr.No.	Details of CSR Spent	Amount (₹ in Million)
1	Average net profit of the Company for last three financial years	619.81
2	Prescribed CSR expenditure for FY 2018-2019 (two percent of the amount mentioned in item 1 above)	12.40
3	Details of CSR spent during the financial year.	12.42
4	Amount unspent if any	Nil

### 4. Manner in which the amount was spent during the Financial Year is detailed as below:

							(₹ in Million)
Sr. No.	CSR Projected	Sector in which the projects is covered	Projects Coverage	Amount outlay (Budget)	Amount spent on the projects	Cumulative Expenditure up to March 31, 2019	Amount spent Direct / through implementing agency
1	Education	Promotion of education	Maharashtra	₹ 0.69	₹ 0.69	₹ 0.69	Direct
2	Contributing to Panjrapole, where all cattle are accepted free of cost, to nurture and care for animals in distress and protect these strays cows & other stray animals	Ensuring environmental sustainability	Maharashtra	₹ 10.97	₹ 10.97	₹ 10.97	Direct
3.	Donation to Trust i) Lions Club (Trust) ii) President/General Secretary A.P Revenue Services (NGO)	Preventive Health Care, Hygienic and Social Welfare	Palamaner	₹ 0.048	₹ 0.048	₹ 0.048	Direct
4	Healthcare Expenses- Dialysis machine donated to Sub district Hospital, Manchar	Promoting Healthcare	Maharashtra	₹ 0.64	₹ 0.66	₹ 0.66	Direct
5	Support to Farmers- Provided Feed Pumps to Farmers	Rural Development Projects	Palamaner	₹ 0.052	₹ 0.052	₹ 0.052	Direct
<b>Total expenditure towards CSR</b>				<b>₹ 12.40</b>	<b>₹ 12.42</b>	<b>₹ 12.42</b>	

**5. The Company has spent two percent of the average net profit of the last three Financial Years.**

**6. Responsibility Statement:**

The CSR committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company, to the extent applicable.

Place: Mumbai  
Date: May 11, 2019

**Devendra Shah**  
Chairman  
(DIN: 01127319)

**B. M. Vyas**  
Chairman of CSR Committee  
(DIN: 00043804)

## Annexure 'IV'

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**  
[Section 134(3)(m) of the Companies Act, 2013 Read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

**A. CONSERVATION OF ENERGY:**

Company is engaged in processing of milk and manufacturing of Milk products. Total consumption during the financial year 2018-19 is given in the form as below.

Sr. No.	Power and Fuel Consumption	Total Units
1.	Electricity Consumption (Total No. of Units)	3,02,75,221
2.	Own Generator through T.G. Set (Units)	39,66,830
3.	D.G. (Units)	1,86,867
4.	Diesel / SKO consumed (LTR)	62,902
5.	Furnace Oil Consumed (Kg)	9,34,193
6.	Coal (Kg)	3,14,82,885

During the financial year under review, the following steps were undertaken by the Company which resulted in saving in energy consumption.

1. Installed advance technology refrigerator having capacity of 200 TR, its power consumption is 1/3 of conventional refrigerator.
2. Replacement of conventional lighting with LED light.
3. Entered a solar energy agreement of 5MW with Kirloskar Energy.
4. Improved power sector upto unity by installing capacitor Bank.
5. Rain water harvesting is in process.
6. Installed MDR in ETP which recycle the waste water of ETP so that water consumption can be reduced.

**B. RESEARCH AND DEVELOPMENT (R&D)**

We have been able to differentiate ourselves in the market with innovations in product varieties, packaging as well as process changes suiting changing consumer requirements. Eg. We were the first to develop fresh Paneer with 75 days' shelf life with innovation in processing & packaging or packaging formats for Ghee, Pride of Cows Milk or innovative forms and flavours in Cheese like Cheese Chutney Slices, Chocolate Cheese, etc. We have a dedicated cross-functional team working on all these innovations and developing newer consumer experiences.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Following are the details of the foreign exchange earned and used during the financial year 2018-19

Particulars	₹ in Million)	
	2018-19	2017-18
Foreign exchange earned	802.99	596.43
Foreign exchange used	395.90	101.77

**D. TECHNOLOGY ABSORPTION**

The Company has made sure that all initiatives across verticals are supported by a robust IT platform including Sales Force Automation and Distribution Management Systems through BIZOM. BIZOM enables to track important parameters ranging from the performance of sales people to stocks at various outlets. This data is helping the Company to better understand the consumers and identify the gaps in the systems, driving further efficiencies.

Tech-driven improvements in the supply chain are helping to ensure maintenance of the quality and freshness of the products. Dedicated stock transport vehicles are now equipped with temperature sensors aligned with SAP to enable effective tracking of vehicle movement and temperature maintenance in remote locations. Additionally, multi-temperature vehicles ensure optimum temperatures for a range of products, also allowing to make frequent dispatches. Auto dial from astTECS dial server helps to monitor daily calling and progress of our commandos. Company has also proceeded with Kloudq platform which helps in tracking product information, schemes, discounts and complaints. This platform is helping to provide timely solutions to retailers and distributors.

Technology is also being used in bulk milk collection centres. Milk is collected from farmers on POS machine and data collected is transferred from POS to data server over internet (IoT). IoT offerings cover the entire value chain from milk production to payments. It tracks conditions under which the milk is stored, transported and distributed. Accurate data is about the quality and composition of milk, the history of production by each farmer and fees owed to them, leading to improved inventory management, reduced wastage of perishable food items and better service delivery.

Place: Mumbai  
Date: May 11, 2019

**Devendra Shah**  
Chairman  
(DIN: 01127319)

## Annexure 'V'

FORM NO.MGT-9  
EXTRACT OF ANNUAL RETURN

As on the Financial Year ended March 31, 2019

[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	: L15204PN1992PLC070209
ii	Registration Date	: December 29, 1992
iii	Name of the Company	: Parag Milk Foods Limited
iv	Category / Sub-category of the Company	: Public Company limited by Shares / Indian Non-Government Company
v	Address of the Registered Office and contact details	: Flat No 1, Plot No. 19, Nav Rajasthan Society, behind Ratna Memorial Hospital, Shivaji Nagar, Pune - 411 016. Tel.: 91 7276470001 Email: <a href="mailto:investors@paragmilkfoods.com">investors@paragmilkfoods.com</a>
vi	Whether listed company	: Yes - BSE Limited and National Stock Exchange of India Limited
vii	Name, Address and Contact details of Registrar and Transfer Agent	: Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Phone:(040) 67161562 / 67161583 E-mail: <a href="mailto:mohsin.mohd@karvy.com">mohsin.mohd@karvy.com</a>

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company.

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Value added products	1050	67.50%
2	Liquid Milk	1050	16.00%
3	Milk Powder	1050	14.60%
4	Others	1050	1.90%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Bhagyalaxmi Dairy Farms Private Limited Address: A 602 Kumar Purammukund Nagar, Pune - 411 037 Maharashtra -India	U01211PN2003PTC018624	Wholly Owned Subsidiary	100.00%	2(87) of the Companies Act, 2013

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## (i) Category-wise Shareholding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2018)			% of Total Shares	No. of Shares held at the end of the year (as on March 31, 2019)			% of Total Shares	% Change during the year
		Demat	Physical	Total		Demat	Physical	Total		
<b>A Promoters &amp; Promoter Group</b>										
1)	<b>Indian</b>									
a	Individual / HUF	38,661,435	-	38,661,435	45.96	38,661,435	-	38,661,435	45.96	-
b	Central Govt.	-	-	-	-	-	-	-	-	-
c	State Govt.(s)	-	-	-	-	-	-	-	-	-
d	Bodies Corporate	2,314,200	-	2,314,200	2.75	-	-	-	-	-2.75
e	Banks / FIs	-	-	-	-	-	-	-	-	-
f	Any Other	-	-	-	-	-	-	-	-	-
<b>Sub - Total (A) (1)</b>		<b>40,975,635</b>	<b>-</b>	<b>40,975,635</b>	<b>48.71</b>	<b>38,661,435</b>	<b>-</b>	<b>38,661,435</b>	<b>45.96</b>	<b>-2.75</b>

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2018)			No. of Shares held at the end of the year (as on March 31, 2019)			% Change during the year		
		Demat	Physical	Total	Demat	Physical	Total			
				% of Total Shares			% of Total Shares			
2)	<b>Foreign</b>									
a	NRIs / Individuals	-	-	-	-	-	-	-		
b	Other - Individuals	-	-	-	-	-	-	-		
c	Bodies Corporate	-	-	-	-	-	-	-		
d	Banks / Fls	-	-	-	-	-	-	-		
e	Any Other	-	-	-	-	-	-	-		
	<b>Sub - Total (A) (2)</b>	-	-	-	-	-	-	-		
	<b>Total Shareholding of Promoters &amp; Promoter Group</b>	40,975,635	-	40,975,635	48.71	38,661,435	-	38,661,435	45.96	-2.75
	<b>(A) = (A)(1) + (A)(2)</b>									
	<b>B Public Shareholding</b>									
1)	<b>Institutions</b>									
a	Mutual Funds	3,653,621	-	3,653,621	4.34	4,735,976	-	4,735,976	5.63	1.29
b	Banks / Fls	51,583	-	51,583	0.06	102,824	-	102,824	0.12	0.06
c	Central Govt.	-	-	-	-	-	-	-	-	-
d	State Govt.	-	-	-	-	-	-	-	-	-
e	Venture Capital Funds	6,897,104	-	6,897,104	8.20	5,042,534	-	5,042,534	5.99	-2.21
f	Insurance Companies	-	-	-	-	-	-	-	-	-
g	Foreign Portfolio Investors (Corporate)	12,660,846	-	12,660,846	15.05	12,234,344	-	12,234,344	14.54	-0.51
h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j	Others (please specify) Alternate Investment Fund	647,584	-	647,584	0.77	456,031	-	456,031	0.54	-0.23
	<b>Sub - Total (B) (1)</b>	23,910,738	-	23,910,738	28.43	22,571,709	-	22,571,709	26.83	-1.59
2)	<b>Non - Institutions</b>									
a	<b>Bodies Corporate</b>									
(i)	Indian	3,428,678	-	3,428,678	4.08	4,732,756	-	4,732,756	5.63	1.55
(ii)	Overseas	-	-	-	-	-	-	-	-	-
b	<b>Individuals</b>									
	Individual shareholders having nominal share capital upto ₹ 2 Lakh	7,922,082	53	7,922,135	9.42	11,572,853	53	11,572,906	13.76	4.34
	Individual shareholders having nominal share capital in excess of ₹ 2 Lakh	4,783,943	-	4,783,943	5.69	3,247,669	-	3,247,669	3.86	-1.83
	NBFCs registered with RBI	1,420,470	-	1,420,470	1.69	629,346	-	629,346	0.75	-0.94
c	<b>Others (please specify)</b>									
	Non-Resident Indian(NRI)	973,669	-	973,669	1.16	1,256,585	-	1,256,585	1.49	0.33
	Non -Resident Indian non Repatriable	289,920	-	289,920	0.34	396,118	-	396,118	0.47	0.13
	Clearing Members	182,394	-	182,394	0.22	862,494	-	862,494	1.03	0.81
	Trust	-	-	-	-	7,549	-	7,549	0.01	0.01
	Employee Benefit Trust	227,000	-	227,000	0.27	176,015	-	176,015	0.21	-0.06
	<b>Sub - Total (B) (2)</b>	19,228,156	53	19,228,209	22.86	22,881,385	53	22,881,438	27.20	4.34
	<b>Total Public Shareholding</b>	43,138,894	53	43,138,947	51.29	45,453,094	53	45,453,147	54.04	2.75
	<b>(B) = (B)(1) + (B)(2)</b>									
	<b>C Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C)</b>	84,114,529	53	84,114,582	100.00	84,114,529	53	84,114,582	100.00	-

**(ii) Shareholding of Promoters**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (as on April 01, 2018)			Shareholding at the end of the year (as on March 31, 2019)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Mr. Devendra Shah	15,006,400	17.84	9.33	15,006,400	17.84	25.88	-
2	Mr. Pritam Shah	9,159,888	10.89	-	9,159,888	10.89	8.17	-
3	Mr. Parag Shah	100,000	0.12	-	100,000	0.12	-	-
4	Mr. Prakash Shah	100	-	-	100	-	-	-
5	Mrs. Rajni Shah	100	-	-	100	-	-	-
6	Mrs. Priti Shah	2,222,820	2.64	-	2,222,820	2.64	-	-
7	Mrs. Netra Shah	8,867,027	10.54	57.28	8,867,027	10.54	42.50	-
8	Mr. Poojan Shah	3,295,000	3.92	-	3,295,000	3.92	-	-
9	Mr. Stavan Shah	100	-	-	100	-	-	-
10	Mrs. Shabdali Desai	10,000	0.01	-	10,000	0.01	-	-
11	IRIS Business Solutions Private Limited	2,314,200	2.75	-	-	-	-	-2.75

**(iii) Change in Promoters' Shareholding (including Promoter Group)**

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on April 1, 2018)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% to total shares of the Company				No. of Shares	% to total shares of the Company
1	Mr. Devendra Shah	15,006,400	17.84	01-April-2018 31-March-2019	No Change		15,006,400	17.84
2	Mr. Pritam Shah	9,159,888	10.89	01-April-2018 31-March-2019	No Change		9,159,888	10.89
3	Mr. Parag Shah	100,000	0.12	01-April-2018 31-March-2019	No Change		100,000	0.12
4	Mr. Prakash Shah	100	-	01-April-2018 31-March-2019	No Change		100	-
5	Mrs. Rajni Shah	100	-	01-April-2018 31-March-2019	No Change		100	-
6	Mrs. Priti Shah	2,222,820	2.64	01-April-2018 31-March-2019	No Change		2,222,820	2.64
7	Mrs. Netra Shah	8,867,027	10.54	01-April-2018 31-March-2019	No Change		8,867,027	10.54
8	Mr. Poojan Shah	3,295,000	3.92	01-April-2018 31-March-2019	No Change		3,295,000	3.92
9	Mr. Stavan Shah	100	-	01-April-2018 31-March-2019	No Change		100	-
10	Mrs. Shabdali Desai	10,000	0.01	01-April-2018 31-March-2019	No Change		10,000	0.01
11	Iris Business Solutions Private Limited	2,314,200	2.75	9-Apr-18	(2314200)	Decrease-Reclassification of IRIS from promoter to Public category	-	-

**(iv) Shareholding Pattern of Top 10 Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl no	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	IDFC TRUSTEE CO. LTD A/C IDFC INFRASTRUCTURE FUND	5,074,234	6.03	31/03/2018			5,074,234	6.03
				15/06/2018	(31,700)	Transfer	5,042,534	5.99
	<b>Closing Balance</b>			30/03/2019			<b>5,042,534</b>	<b>5.99</b>
2	GOVERNMENT PENSION FUND GLOBAL	2,236,595	2.66	31/03/2018			2,236,595	2.66
				14/09/2018	263,405	Transfer	2,500,000	2.97
	<b>Closing Balance</b>			30/03/2019			<b>2,500,000</b>	<b>2.97</b>
3	GOLDMAN SACHS INDIA LIMITED	2,458,724	2.92	31/03/2018			2,458,724	2.92
	<b>Closing Balance</b>			30/03/2019			<b>2,458,724</b>	<b>2.92</b>
4	INVESCO TRUSTEE PRIVATE LIMITED - A/C INVESCO INDI	0	0.00	31/03/2018			0	0.00
				27/04/2018	480,495	Transfer	480,495	0.57
				11/05/2018	32,117	Transfer	512,612	0.61
				18/05/2018	306,080	Transfer	818,692	0.97
				25/05/2018	368,865	Transfer	1,187,557	1.41
				08/06/2018	219,523	Transfer	1,407,080	1.67
				22/06/2018	44,575	Transfer	1,451,655	1.73
				06/07/2018	209,832	Transfer	1,661,487	1.98
				13/07/2018	130,984	Transfer	1,792,471	2.13
				27/07/2018	119,568	Transfer	1,912,039	2.27
				10/08/2018	555,565	Transfer	2,467,604	2.93
				17/08/2018	166,746	Transfer	2,634,350	3.13
				24/08/2018	69,929	Transfer	2,704,279	3.21
				07/09/2018	(119,547)	Transfer	2,584,732	3.07
				14/09/2018	(386,062)	Transfer	2,198,670	2.61
				28/09/2018	(52,899)	Transfer	2,145,771	2.55
				05/10/2018	(55,005)	Transfer	2,090,766	2.49
				19/10/2018	2,963	Transfer	2,093,729	2.49

Sl no	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				02/11/2018	50,739	Transfer	2,144,468	2.55
				23/11/2018	27,167	Transfer	2,171,635	2.58
				14/12/2018	13,144	Transfer	2,184,779	2.60
				21/12/2018	38,243	Transfer	2,223,022	2.64
				18/01/2019	20,555	Transfer	2,243,577	2.67
				01/02/2019	7,159	Transfer	2,250,736	2.68
				08/03/2019	17,619	Transfer	2,268,355	2.70
	<b>Closing Balance</b>			30/03/2019			<b>2,268,355</b>	<b>2.70</b>
5	<b>RELIANCE CAPITAL TRUSTEE CO LTD.A/C RELIANCE EQUIT</b>	0	0.00	31/03/2018			0	0.00
				07/09/2018	1,600,000	Transfer	1,600,000	1.90
	<b>Closing Balance</b>			30/03/2019			<b>1,600,000</b>	<b>1.90</b>
6	<b>NEW HORIZON OPPORTUNITIES MASTER FUND</b>	2,249,000	2.67	31/03/2018			2,249,000	2.67
				20/04/2018	(250,000)	Transfer	1,999,000	2.38
				27/04/2018	(199,000)	Transfer	1,800,000	2.14
				09/11/2018	(181,000)	Transfer	1,619,000	1.92
				16/11/2018	(38,000)	Transfer	1,581,000	1.88
				21/12/2018	(68,068)	Transfer	1,512,932	1.80
				04/01/2019	(3,932)	Transfer	1,509,000	1.79
	<b>Closing Balance</b>			30/03/2019			<b>1,509,000</b>	<b>1.79</b>
7	<b>STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY P</b>	0	0.00	31/03/2018			0	0.00
				01/03/2019	13,0152	Transfer	130,152	0.15
				08/03/2019	67,447	Transfer	197,599	0.23
				15/03/2019	492,745	Transfer	690,344	0.82
				22/03/2019	211,165	Transfer	901,509	1.07
				29/03/2019	227,773	Transfer	1,129,282	1.34
	<b>Closing Balance</b>			30/03/2019			<b>1,129,282</b>	<b>1.34</b>
8	<b>MUKUL MAHAVIR AGRAWAL</b>	500,000	0.59	31/03/2018			500,000	0.59
				20/04/2018	50,000	Transfer	550,000	0.65
				27/04/2018	50,000	Transfer	600,000	0.71
				04/05/2018	500,000	Transfer	1,100,000	1.31
				04/05/2018	(500,000)	Transfer	600,000	0.71
				11/05/2018	125,000	Transfer	725,000	0.86
				18/05/2018	275,000	Transfer	1,000,000	1.19
	<b>Closing Balance</b>			30/03/2019			<b>1,000,000</b>	<b>1.19</b>
9	<b>KOTAK DEBT HYBRID</b>	0	0.00	31/03/2018			0	0.00
				15/02/2019	100,000	Transfer	100,000	0.12
				22/02/2019	744,037	Transfer	844,037	1.00
	<b>Closing Balance</b>			30/03/2019			<b>844,037</b>	<b>1.00</b>
10	<b>NOMURA INDIA INVESTMENT FUND MOTHER FUND</b>	1,381,522	1.64	31/03/2018			1,381,522	1.64
				22/06/2018	(250,000)	Transfer	1,131,522	1.35
				15/03/2019	(300,000)	Transfer	831,522	0.99
	<b>Closing Balance</b>			30/03/2019			<b>831,522</b>	<b>0.99</b>

**(v) Shareholding of Directors and Key Managerial Personnel**

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on April 1, 2018)		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (as on March 31, 2019)	
		No. of Shares	% of total shares of the Company				No. of Shares	% to total shares of the Company
1	Mr. Devendra Prakash Shah	15,006,400	17.84	1-Apr-18	No Change			
				31-Mar-19			15,006,400	17.84
2	Mr. Pritam Prakash Shah	9,159,888	10.89	1-Apr-18	No Change			
				31-Mar-19			9,159,888	10.89
3	Mr. B.M. Vyas	-	-				-	-
4	Mr. Sunil Goyal	-	-				-	-
5	Mr. Ramesh Chandak	-	-				-	-
6	Mr. Narendra Ambwani	1,000	-	1-Apr-18				
				31-Mar-19	No Change		1,000	-
7	Mr. Nitin Dhavalikar	-	-				-	-
8	Ms. Radhika Pereira	-	-				-	-
9	Mr. Vimal Agarwal	-	-				-	-
10	Mrs. Rachana Sangneria	845	-	1-Apr-18			845	-
				27/08/2018	796	Exercise of ESOP	796	-
				31-Mar-19			1,641	-

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

(₹ In Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,911.53	-	-	2,911.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	15.06	-	-	15.06
<b>Total (i+ii+iii)</b>	<b>2,926.59</b>	<b>-</b>	<b>-</b>	<b>2,926.59</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	165.38	-	-	165.38
• Reduction	(725.96)	-	-	(725.96)
<b>Net Change</b>	<b>-560.59</b>	<b>-</b>	<b>-</b>	<b>-560.59</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,349.07	-	-	2,349.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	16.93	-	-	16.93
<b>Total (i+ii+iii)</b>	<b>2,366.00</b>	<b>-</b>	<b>-</b>	<b>2,366.00</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ In Million)

Sr. No.	Particulars of Remuneration	Mr. Devendra Shah (Whole Time Director)	Mr. Pritam Prakash Shah	Total Amount
<b>1</b>	<b>Gross salary (per annum)</b>	24.00	24.00	48.00
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	-	-	-
<b>2</b>	<b>Stock Option</b>	-	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-	-
<b>4</b>	<b>Commission</b>	-	-	-
	- as % of profit	-	-	-
	- Others	-	-	-
<b>5</b>	<b>Others.</b>	-	-	-
	<b>Total (A)</b>	<b>24.00</b>		<b>48.00</b>
	Ceiling as per the Act	₹ 165.21	(Being 10 percent of Net Profits of the Company calculated as per section 198 of the Act)	



**B. Remuneration to other Directors:**

Sr. No.	Particulars of Remuneration	Mr. Ramesh Chandak (Independent Director)	Mr. Sunil Goyal (Independent Director) #	Mr. Narendra Ambwani (Independent Director)	Mr. Nitin Dhavalikar (Independent Director)	Ms. Radhika Pereira (Independent Director)	Total Amount
1	Independent Directors						
	a. Fee for attending Board / Committee meetings	0.5		0.7	1.1	0.7	3.0
	b. Commission	-		-	-	-	-
	c. Others	-		-	-	-	-
	<b>Total (1)</b>	<b>0.5</b>		<b>0.7</b>	<b>1.1</b>	<b>0.7</b>	<b>3.0</b>
2	Other Non-Executive Directors			*Mr. B.M.Vyas			
	a. Fee for attending Board / Committee meetings						8.4
	b. Commission						-
	c. Others, please specify						-
	<b>Total (2)</b>						<b>8.4</b>
	<b>Total (B) = (1+2)</b>						
	Ceiling as per the Act <sup>^</sup>	₹ 16.52 (Being 1% of Net Profits of the Company as calculated under Section 198 of the Act)					

# Mr. Sunil Goyal as mutually agreed does not take any sitting fees for attending Board / Committee Meetings.

\* Being paid in professional capacity consultancy fees exclusive of taxes and out of pocket expenses.

**Note:** Being paid sitting fees exclusive of applicable taxes.

<sup>^</sup> Sitting fees not included as component for computation of ceiling

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD.**

(₹ In Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Vimal Agarwal (Chief Financial Officer)	Mrs. Rachana Sanganeria (Company Secretary)	
1	Gross Salary	11.99	2.1	14.09
	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			
2	Stock Option ( No. of ESOP options)	**10463	i.*796 ii.**1044	1840
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- Others specify			
5	Others, please specify .			
	<b>Total</b>	<b>11.99</b>	<b>2.1</b>	<b>14.09</b>

\* Number of ESOP options exercised

\*\* Fresh grant of ESOP options yet to be vested & exercised.

**VII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			None		
Compounding					

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 11, 2019

**Devendra Shah**  
Chairman  
DIN: 01127319

## ANNEXURE 'VI'

## STATEMENT OF DISCLOSURE OF REMUNERATION

Pursuant 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

S. No.	Disclosure Requirement	Disclosure Details			
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19.	<b>Name of the Directors</b>	<b>Category</b>	<b>Ratio ( In x times)</b>	<b>No. of ESOPs granted during 2019</b>
		Mr. Devendra Shah	Executive Chairman- Whole time Director	101.48	N.A.
		Mr. Pritam Shah	Managing Director	101.48	N.A.
		Mr. B.M. Vyas	Non-Executive Director	34.25	N.A.
		Mr. Sunil Goyal	Independent Director	-	-
		Mr. Ramesh Chandak	Independent Director	-	-
		Mr. Narendra Ambwani	Independent Director	-	-
		Mr. Nitin Dhavalikar	Independent Director	-	-
		Ms. Radhika Pereira	Independent Director	-	-
	a. The median remuneration of all the employees of the Company was 236,496 for the year.				
	b. For this purpose, Sitting Fees paid to the Directors has not been considered as remuneration.				
	c. Figures have been rounded off wherever necessary.				
2.	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19.	<b>Name of the Directors</b>	<b>Category</b>	<b>% Increase in remuneration</b>	
		Mr. Devendra Shah	Executive Chairman- Whole Time Director	Nil	
		Mr. Pritam Shah	Managing Director	Nil	
		Mr. B.M. Vyas	Non-Executive Director	Nil	
		Mr. Vimal Agarwal	Chief Financial Officer	N.A.	
		Ms. Rachana Sangarneria	Company Secretary & Compliance Officer	10%	
3.	The percentage increase in the median remuneration of employees in the financial year 2018-19.	The median percentage increase in the median remuneration of employees in the financial year 2018-19 is 16%.			
4.	Number of permanent employees on the rolls of the Company	There were 2,261 permanent employees of Parag Milk Foods Limited as on March 31, 2019			
5.	The average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration.	For the employees other than managerial personnel who were in employment in FY 2018-19, the average increase is 9.07%. Average increase in managerial remuneration is 0.3%.			
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	Yes, it is confirmed.			

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 11, 2019

**Devendra Shah**  
Chairman  
DIN: 01127319

**ANNEXURE 'VII'****FORM NO. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

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

To,  
The Members,  
Parag Milk Foods Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Parag Milk Foods Limited (here in after 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 the 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 March 31, 2019 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 the Company for the financial year ended on March 31, 2019 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 ("FEMA") and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

**The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-**

- 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, 2015;
- c. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d. The Securities and Exchange Board of India ( Listing Obligation and Disclosure Requirement) Regulations, 2015;
- e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;-
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable for this financial year**
- g. 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; **Not Applicable for this financial year**
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable for this financial year**
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable for this financial year**

**Amongst the various laws which are applicable to the Company, following are the laws which are specifically applicable to the Company:**

1. Food Safety and Standard Act, 2006
  - Food Safety and Standards Rules, 2011
  - Food Safety and Standards (Licensing and Registration of Food businesses) Regulation, 2011
  - Food Safety and Standards (Packaging and Labelling) regulation, 2011
  - Food Safety and Standards (Food product standards and Food Additives) Regulation, 2011
  - Food Safety and Standards (Prohibition and Restriction on sales) Regulation, 2011
  - Food Safety and Standards (contaminants, toxins and residues) Regulation, 2011
  - Food Safety and Standards (Laboratory and sampling analysis) Regulation, 2011
2. Petroleum and Explosive Act
3. Legal Metrology Laws

4. The States Shops and Establishment Act
5. Inflammable Substances Act, 1952
6. Factories Act, 1948 and Maharashtra Factories Rules, 1963
7. Environment (Protection) Act, 1986
8. Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981
9. The Standards of Weight & Measures Act, 1976
10. Water (Prevention and Control of Pollution) Cess Rules, 1977 & 2003
11. The Hazardous Wastes (Management and Handling) Rules, 1989 (as amended, May, 2003) Rules, 2008
12. The Noise Pollution (Regulation and Control) Rules, 2000
13. The Public Liability Act, 1991, Rules 1991
14. The Energy Conservation Act, 2010
15. Biological Diversity Act, 2002
16. The Public Liability Act, 1991 and The Public Liability Insurance (Amendment) Rules, 2007
17. The Manufacture, Use, Import, Export, and Storage of hazardous Microorganisms/ Genetically Engineered Organisms or Cells Rules, 1989
18. The Environment (Protection) Act, 1986 & Rules and notifications issued under the Act
19. Hazardous Waste (Management and Handling) Rules, 1989
20. Monopolies and Restrictive Trade Practices Act, 1969
21. Consumer Protection Act, 1986
22. Tax Laws:
  - Income Tax Act, 1961
  - State Goods and Services Tax Act
  - Central Goods and Service Tax Act
  - Interstate Goods and Service Tax Act
23. Employee Laws:
  - Payment of Gratuity Act, 1972 and Payment of Gratuity (Central) Rules, 1972;
  - The Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975;
  - The Payment of Wages Act, 1936;
  - The Minimum Wages Act 1948;
  - The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and Scheme framed thereunder;
  - The Employees' State Insurance Act 1948;
  - The Maternity Benefit Act, 1961;
  - The Contract Labour (Abolition and Regulation) Act, 1970 & Rules;
  - Equal Remuneration Act, 1976;
  - Workmen's Compensation Act, 1923;
  - Employment Standing Orders Act, 1946;
  - Child Labour (Prohibition and Regulation) Act, 1986;
  - The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
  - Labour Welfare Fund Act
24. Indian Stamp Act, 1899 and the State Stamp Acts;
25. The Labour Welfare Fund, Act, 1953;
26. Indian Contract Act, 1872

27. Negotiable Instruments Act, 1881

28. Information Technology Act, 2000

29. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

During the period under review, the Company has complied with the provisions 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. 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 and Committee Meetings. Agenda and detailed notes on agenda were sent adequately in advance of the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes where applicable. All the decisions have been taken unanimously and no dissent recorded in Board Meetings.

**We further report that** during the period under review Company has completed the acquisition of the Manufacturing Facility in Sonipat of Danone Foods and Beverages India Private Limited (a French, Dairy Based MNC)

**We further report that;** during the audit period the Members by way of Postal Ballot held from March 11, 2018 to April 09, 2018 approved and authorised the Board of Directors to;

- Re-Classification of IRIS Business Solutions Private Limited (IRIS) from Promoter Category to Public Category, and
- Increase of Investment Limit by Non- Resident Individuals to 24% of the Paid-Up Equity Capital of the Company.

**We further report that;** during the audit period the Members at the Annual General Meeting held on September 19, 2018 approved;

- The Reappointment of Mr. Devendra Shah as Whole Time Director of the Company for a period of 3 years
- The Re- appointment of Mr. Pritam Shah as the Managing Director of the Company for a period of 3 years.
- Increase in remuneration of Ms. Akshali Shah, appointed to an office or place of profit
- Amendment to the Articles of Association of the Company

Place: Mumbai

Date: May 10, 2019

**For M/s N. L. Bhatia & Associates**

Practicing Company Secretaries

UIN: P1996MH055800

**N L Bhatia**

Managing Partner

FCS No.1176

C.P. No. 422

To,  
The Members,  
**Parag Milk Foods Limited**

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 the 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.
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 the 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 the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Mumbai  
Date: May 10, 2019

**For N. L. Bhatia & Associates**  
Practicing Company Secretaries  
UIN: P1996MH055800

**N. L. Bhatia**  
(Managing Partner)  
FCS: 1176  
CP. No. 422

# Report on Corporate Governance

Pursuant to Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") a Report on the Corporate Governance is given below. The Company confirms compliance with the Corporate Governance provisions as prescribed under Chapter IV of the Listing Regulations, which prescribes the obligations of the listed entities that has listed its specified securities on any of the recognized Stock Exchanges.

## 1. Company's Philosophy on Corporate Governance

The Company firmly believes and has consistently practiced good corporate governance based on transparency, accountability, high level of integrity in the functioning of the Company and inherent core values which are essential for long term enhancement of stakeholders value & interest. The Company believes Corporate Governance encompasses every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. The Company constantly strives to generate long-term value and trust for its stakeholders.

The Company's governance framework is continuously monitored to facilitate effective entrepreneurial and prudent management that can deliver the long-term success to the Company.

The Company have always focused on best practices in Corporate Governance, which is a key driver for sustainable corporate growth and long - term value creation for the stakeholders.

## 2. Board of Directors:

The Board is broad-based and consists of eminent individuals from Industrial, Managerial, Technical, Financial, legal and Marketing background. The Company

is managed by the Board of Directors in co-ordination with the Senior Management team. The composition and strength of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements.

As on March 31, 2019, the Company's Board has a good mix of Executive and Non-Executive Directors with more than half of the Board of the Company comprising of Independent Directors. The Board consists of 8 (eight) Directors comprising of 2(two) Executive Directors, 5(five) Independent Directors and 1(one) Non-Executive Director. The composition of the Board represents an optimal mix of professionalism, knowledge, experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an independent director in more than eight listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2019 have been made by the Directors. None of the Directors are related inter-se to each other, save and except Mr. Devendra Shah and Mr. Pritam Shah, who are brothers.

In accordance with Regulation 26 of the Listing Regulations, none of the Directors are members in more than 10 committees excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 ("the Act") or act as Chairperson of more than 5 committees across all listed entities in which he/she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

The names and categories of the Directors on the Board, name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2019 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act.

Name of the Directors	Category	Date of Appointment	Number of Shares held in the Company	Number of Directorship(s) in other public companies (Including in the Company)	Committee positions in other public companies (including in the Company)		List of Directorships held in other Listed Companies and Category of Directorship
					Member	Chairman	
Mr. Devendra Shah DIN: 01127319	Promoter/ Executive Chairman	29/12/1992	1,50,06,400	1	1	-	--
Mr. Pritam Shah DIN: 01127247	Promoter/ Managing Director	29/12/1992	91,59,888	1	2	-	--

Mr. B. M. Vyas DIN: 00043804	Non-executive Non-Independent Director	22/07/2010	-	3	-	1	i. Manpasand Beverages Limited (Non-Executive Independent Director)
Mr. Sunil Goyal DIN: 00503570	Independent Director	15/01/2008	-	4	4	-	i. Kisan Mouldings Limited (Non-Executive Non-Independent Director) ii. Ladderup Finance Limited (Managing Director)
Mr. Ramesh Chandak DIN: 00026581	Independent Director	24/06/2016	-	7	3	4	i. Ram Ratna Wires Limited (Non-Executive Additional Independent Director) ii. KEC International Limited (Non-Executive Director Non-Independent Director) iii. Summit Securities Limited (Non-executive Non-Independent Director, Chairperson)
Mr. Narendra Ambwani DIN: 00236658	Independent Director	26/05/2015	1,000	5	8	-	i. Agro Tech Foods Limited (Non-Executive Independent Director) ii. RPG Life Sciences Limited (Non-Executive Independent Director) iii. Godrej Consumer Products Limited (Non-Executive Independent Director)
Mr. Nitin Dhavalikar DIN: 07239870	Independent Director	28/07/2015	-	1	2	-	--
Ms. Radhika Pereira DIN: 00016712	Independent Director	26/05/2015	-	5	4	2	i. Fairchem Speciality Limited (Non-Executive Independent Director) ii. Jain Irrigation Systems Limited (Non-Executive Independent Director) iii. Essel Propack Limited (Non-Executive Independent Director) iv. Tips Industries Limited (Non-Executive Independent Director)

### Compliance with the Code of Conduct

The Company has adopted the "Policy on Code of Conduct for Board of Directors and Senior Management". The Code is available on the website of the Company (web link <https://www.paragmilkfoods.com/investors/policies>).

The Managing Director declares that the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the year 2018-19.

### Board Meetings and Annual General Meeting ("AGM")

The Board meets at regular intervals to discuss and decide on business strategies/policies and reviews the financial performance of the Company and its subsidiary. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board Meeting is circulated to the Directors well in advance to facilitate them to plan their schedules accordingly and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting/Committee meeting.

The notice of Board / Committee meeting is given well in advance to all the Directors. The Agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the Chairman and CFO of the Company. The Agenda is circulated a week prior to the date of the

meeting. The Agenda for the Board and Committee Meetings cover items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable. The Agenda for the Board and Committee Meetings include detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

During the financial year 2018-19, the Board of Directors met five times i.e., on April 26, 2018, May 09, 2018, August 06, 2018, November 01, 2018, and February 02, 2019. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under Section 173(1) of the Act, and Regulation 17(2) of the Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India. The 26th AGM of the Company was held on September 19, 2018.

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective meetings or by way of presentations and discussions during the Meetings.



## Attendance of Directors at the Board Meetings and at the last Annual General Meeting (AGM):

Name of the Director	Number of Board Meetings Held during the Year		Attendance at AGM held on September 19, 2018
	Held	Attended	
Mr. Devendra Shah	5	5	Yes
Mr. Pritam Shah	5	5	Yes
Mr. B. M. Vyas	5	4	Yes
Mr. Sunil Goyal	5	3	No
Mr. Ramesh Chandak	5	2	Yes
Mr. Narendra Ambwani	5	3	No
Mr. Nitin Dhavalikar	5	5	Yes
Ms. Radhika Pereira	5	4	No

**Post Board Meeting Mechanism**

The important decisions taken at the Board/Board Committee Meetings are communicated to the concerned department/division.

**Board Support**

The Company Secretary attends all the Board / Committee Meetings and advises the Board on compliances with applicable laws and governance.

**Roles, Responsibilities and Duties of the Board**

The duties of Board of Directors have been enumerated in Listing Regulations, Section 166 of the Companies Act, 2013 and Schedule IV of the said Act (Schedule IV is specifically for

Independent Directors). The Board has complete access to all the information within the Company. As a part of its function, the Board periodically reviews all the relevant information, which is required to be placed before it, pursuant to the Listing Regulations, and, in particular, reviews and approves financial statements, business plans, projects, strategies, annual budgets, projects and capital expenditure. The Board discharges all its responsibilities, functions, duties and obligations in timely and effective manner in accordance with applicable laws, keeping close watch on the business operations of the Company. The day- to day affairs of the Company are managed by the Managing Director under the overall supervision of the Board.

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board.

Strategy & Planning	Ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company's relevant policies and priorities.
Finance	Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>Analyse key financial statements;</li> <li>Critically assess financial viability and performance;</li> <li>Contribute to strategic financial planning;</li> <li>Oversee budgets and the efficient use of resources; and oversee funding arrangements and accountability.</li> </ul>
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long term effective stakeholder engagements and driving corporate ethics and values.
Global Business	Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and a broad perspective on global market opportunities.

**The Chairman**

His primary role is to provide leadership to the Board in achieving goals of the Company. He is responsible for transforming the Company into a world-class organization. He is responsible, inter-alia, for the working of the Board and for ensuring that all relevant issues are placed before the Board and that all Directors are encouraged to provide their expert guidance on the relevant issues raised in the meetings of the Board. He is also responsible for formulating the corporate strategy along with other members of the Board of Directors. His role, inter alia, includes:

- Provide leadership to the Board and preside over all Board and General Meetings.

- Achieve goals in accordance with Company's overall vision.
- Ensure that Board decisions are aligned with Company's strategic policy.
- Ensure to place all relevant matters before the Board and encourage healthy participation by all Directors to enable them to provide their expert guidance.
- Monitor the core management team.

**Non-Executive Directors (including Independent Directors)** play a critical role in balancing the functioning of the Board by providing independent judgements on various issues raised in the Board Meetings like formulation of business strategies, monitoring of performances, etc.

Their role, inter- alia, includes:

- Impart balance to the Board by providing independent judgement.
- Provide feedback on Company's strategy and performance.
- Provide effective feedback and recommendations for further improvements.

### Separate Independent Directors Meeting

#### Role of Independent Directors

Independent Directors play a key role in the decision making process of the Board and in shaping various strategic initiatives of the Company. These Directors are committed to act in what they believe to be in the best interests of the Company and its stakeholders. These Directors are professionals, with expertise and experience in general corporate management, science and innovation, realty, public policy, business, finance and financial services. This wide knowledge of their respective fields of expertise and best-in-class boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

None of the Independent Non-Executive Directors hold any equity shares or convertible instruments of the Company during the financial year ended March 31, 2019, except Mr. Narendra Ambwani who holds 1000 equity shares of the Company.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of Independence as provided under the law

#### Meeting of Independent Directors

As stipulated under the Code for Independent Directors under the Companies Act, 2013 and SEBI Listing Regulations, the independent directors of the listed entity shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.

During the year under review, the Independent Directors met on January 31, 2019, inter alia, to:

- To evaluate performance of Non-Independent Directors and the Board of Directors as a whole;
- To evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;

- To evaluate the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this Meeting.

The Chairman of the meeting of the Independent Directors takes appropriate steps to present views of the Independent Directors to the Chairman of the Company.

In addition to these formal meetings, interactions outside the Board Meetings also takes place between the Chairman and Independent Directors.

#### Familiarisation Programme for Independent Directors

The Company has familiarized its Independent Directors to provide insights into the Company and to enable them to understand the Company's business in depth, to acclimatize them with the processes and functions of the Company and to assist them in understanding their role and responsibilities.

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected from him as a Director of the Company. The Director is also explained in detail the Compliance required from him under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained. The Chairman and Managing Director also have a one to one discussion with the newly appointed Director to familiarize him with the Company's operations.

Further, on an ongoing basis as a part of Agenda of Board / Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the key traits of the Company as a FMCG Organization, its vision, business model, Company's and its subsidiary's businesses and operations, new product launches, industry and regulatory updates, strategy, financial performance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. Also directors are presented with the recent amendments in the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other regulatory laws applicable to the Company as and when required. Department/functional heads also make presentations as required on the operations and strategies employed by the Company to familiarize the Directors.

The details of training programme attended by Independent Directors are available on the website at <https://www.paragmilkfoods.com>.

#### Policy for Prevention of Insider Trading

The Company has adopted a Policy for Prohibition of Insider Trading ("Policy/Code") for Regulating, Monitoring and Reporting of Trades by Designated Persons' ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations).

The Policy is applicable to Promoters, Member of Promoter's Group, all Directors, designated persons and third parties such as auditors, consultants etc. who are expected to have access to unpublished price sensitive information relating to the Company. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Audit Committee of a listed company shall review compliance with the provisions of these regulations at

least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSII)' in compliance with the PIT Regulations. The Company has also formulated "Policy on Inquiry" in case of leak of UPSII. The listed company also has a whistle-blower policy to make employees aware of such policy to enable employees to report instances of leak of unpublished price sensitive information. The Code & policies are displayed on the Company's website viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

### 3. Committees of the Board

The Committees of Board plays a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Committees of the Board are set up under formal approval of the Board to carry out clearly defined roles which are considered to be performed by Board of Directors as a part of good governance. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee Meetings. The Board Committee can invite special invitees to join the meeting if appropriate.

#### A. Audit Committee

##### Composition

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function. Mr. Ramesh Chandak, Independent Director is the Chairman of the Audit Committee. The other members of the Audit Committee include independent directors, Mr. Sunil Goyal, Mr. Narendra Ambwani and Mr. Nitin Dhavalikar and Mr. Pritam Shah, Managing Director of the Company.

##### Meetings and Attendance

The Audit Committee met four times during the Financial Year 2018-19. The maximum gap between two Meetings was not more than 120 days. The Committee met on May 09, 2018, August 06, 2018, November 01, 2018 and February 02, 2019. The requisite quorum was present at all the Meetings. The Chairman of the Audit Committee was present at the 26th Annual General Meeting of the Company held on September 19, 2018 to answer the Shareholder queries.

The Table below provides the attendance of the Audit Committee members:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the year	
				Held	Attended
1	Mr. Ramesh Chandak	Chairman	Independent Director	4	2
2	Mr. Pritam Shah	Member	Managing Director	4	4
3	Mr. Sunil Goyal	Member	Independent Director	4	3
4	Mr. Narendra Ambwani	Member	Independent Director	4	3
5	Mr. Nitin Dhavalikar	Member	Independent Director	4	4

The representatives of Statutory Auditors and Internal auditors are permanent invitees to the Audit Committee meetings. The Chief Financial Officer, executives from accounts and finance department, Company Secretary attend the Audit Committee meetings.

##### Terms of reference

The Board at its meeting held on February 02, 2019, revised the 'Terms of Reference' of the Audit Committee pursuant to the recent amendments to the Listing Regulations. The Audit Committee of the Board provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations, both domestic and overseas.
- safeguarding of assets and adequacy of provisions for all liabilities.
- reliability of financial and other management information and adequacy of disclosures.
- compliance with all relevant statutes.

The brief terms of reference of the Committee as on March 31, 2019 are broadly as under:

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:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgement by management;

- d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report;
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.
  21. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- Review of Information by Audit Committee**
- The Audit Committee shall mandatorily review the following information:
1. Management discussion and analysis of financial condition and results of operations;
  2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  4. Internal audit reports relating to internal control weaknesses; and
  5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  6. Statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
- The Company follows best practices in financial reporting. The Company has been reporting on quarterly basis, the Un-audited Consolidated Financial Statements as required by the Regulation 33 of the Listing Regulations. The Company's quarterly Un-audited Standalone and Consolidated Financial Statements are made available on the website [www.paragmilkfoods.com](http://www.paragmilkfoods.com).
- The Audit Committee also oversees and reviews the functioning of a vigil mechanism (implemented in the Company as Whistle Blower Policy) and reviews the findings of investigation into cases of material nature and the actions taken in respect thereof.
- B. Nomination and Remuneration Committee**
- The Nomination and Remuneration Committee of the Board, inter alia, identifies persons qualified to become Directors and formulates criteria for evaluation of performance of the Directors and the Board as a whole. The Committee's role also includes recommending to the Board the appointment, remuneration and removal of Directors, and managers one level below that of Executive Directors. This Committee also has the responsibility for administering the Employee Stock Option Schemes of the Company.

### Composition

The Nomination and Remuneration Committee comprises of Five Directors. Mr. Nitin Dhavalikar, Independent Director, is the Chairman of the Committee and Mr. Devendra Shah, Mr. B.M. Vyas, Mr. Ramesh Chandak and Ms. Radhika Pereira as Members of the Committee. The Committee's composition and terms of reference are in compliance with the provisions of Section 178(1) of the Companies Act, 2013, Regulation 19 of

the Listing Regulations and Securities and Regulations, 2014, as amended from time to time.

### Meeting and Attendance

The Nomination and Remuneration Committee met twice during the year on May 09, 2018 and November 01, 2018. The requisite quorum was present at the Meeting. The Chairman of the Committee, Mr. Nitin Dhavalikar was present at the 26th AGM of the Company held on September 19, 2018 to answer the Shareholder queries.

The table below provides the attendance of the Remuneration and Nomination Committee members:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the year	
				Held	Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	2	2
2	Mr. Devendra Shah	Member	Executive Director	2	2
3	Ms. Radhika Pereira	Member	Independent Director	2	2
4	Mr. B. M. Vyas	Member	Non-Executive Director	2	1
5	Mr. Ramesh Chandak	Member	Independent Director	2	1

### Terms of Reference

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments.

The terms of reference of the Nomination and Remuneration Committee (NRC) inter-alia include the following:

- 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 Directors, Key Managerial Personnel and Senior Managerial Personnel.
- Formulation of the criteria for evaluation of performance of Independent Directors and the Board.
- Devising a policy on Board Diversity.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal.
- Consider extension or continuation of the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors.
- Specifying the manner for effective evaluation of performance of Board, its Committees and Individual Directors and review its implementation and compliance.
- Recommend / review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
- Administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme.
- Annual performance evaluation of the Committee.
- Recommend to the board, all remuneration, in whatever form, payable to senior management
- Review significant labour problems and their proposed solutions. Any significant development in Human Resources

/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

- To assist the Board in fulfilling responsibilities entrusted from time-to-time; and
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory Notification, amendment or modified as may be applicable.

### Performance Evaluation Criteria for Independent Directors

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and the Committees. During the year, Board Evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and Peer evaluation of the Directors. The evaluation process is focused on various aspects of the functioning of the Board and Committees such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. A separate meeting of the Independent Directors was also held during the year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman.

As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. The Board Members from different backgrounds bring about different complementarities that help Board discussions to be rich and value adding. It was also noted that the Committees are functioning well and besides the Committee's terms of reference as mandated by law, important issues are brought up and discussed in the Committee Meetings.

The criteria for performance evaluation covers the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation of the Directors, the Directors being evaluated had not participated.

### C. Remuneration of Directors

Parag's remuneration policy aims at attracting and retaining high Calibre talent. The remuneration policy,

therefore, is market-led and takes into account the competitive circumstance of each business so as to attract and retain quality talent and leverage performance significantly. The Policy on remuneration of Directors, Key Managerial Personnel and Senior Managerial Personnel of the Company is available on the Company's corporate website [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

**i) Remuneration to Non-executive Directors (including the Independent Directors)**

The Independent Directors are paid sitting fees of ₹ 100,000 for attending each Board and Committee Meetings however there is no sitting fees paid to directors for attending Stakeholders Relationship Committee Meetings. The total amount of sitting fees paid to Independent Directors during the Financial Year 2018-19 was ₹ 30 Lakh.

Mr. B.M. Vyas, Non-executive non-independent Director is paid only consultancy fees for professional services offered by him. The Company does not have any pecuniary relationship or transactions with the Non-Executive Directors / Independent Directors during the financial year 2018-19.

**ii) Remuneration to Executive Directors**

The appointment and remuneration of Executive Directors including Chairman- Whole time and Managing Director

is governed by the Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of Chairman-Whole time Director and Managing Director comprises of salary, perquisites and allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meetings. Annual increments are linked to performance and are decided by the Remuneration and Nomination Committee and recommended to the Board for approval thereof.

Also out of pocket expenses as incurred by the Directors (both executive and non-executive) for attending the meetings and for business of the Company are reimbursed to them. Annual increments are linked to performance and are decided by the Remuneration and Nomination Committee and recommended to the Board for approval thereof.

Presently, the Company has not granted any stock options to its Directors.

**Remuneration paid to Directors**

The details of remuneration paid to Executive Directors and Non-Executive Directors during the financial year ended March 31, 2019 are given below:

₹ in million			
Name of Director	Remuneration	Sitting Fees	Total
Mr.Devendra Shah Whole Time Director	24.00	-	24.00
Mr. Pritam Shah Managing Director	24.00	-	24.00
Mr.B.M.Vyas Non- Executive Director	8.40	-	8.40

₹ in million			
Name of Director	Remuneration	Sitting Fees	Total
<b>Non-executive independent directors</b>			
Mr. Sunil Goyal *	-	-	-
Mr. Ramesh Chandak	-	0.5	0.5
Mr. Narendra Ambwani	-	0.7	0.7
Mr. Nitin Dhavalikar	-	1.1	1.1
Ms. Radhika Pereira	-	0.7	0.7

\*As mutually agreed, Mr. Sunil Goyal does not receive any sitting fees.

## D. Stakeholders Relationship Committee

### Composition and Attendance

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations, Stakeholders Relationship Committee has been constituted. The Stakeholders Relationship Committee comprises of four Directors. Mr. B.M. Vyas is the Chairman of this Committee. During the Financial Year 2018-19, the Committee met once on February 02, 2019. The table below highlights the composition and attendance of the Members of the Committee. The requisite quorum was present at all the Meetings.

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the year	
				Held	Attended
1	Mr. B. M. Vyas	Chairman	Non-Executive Non-Independent Director	1	1
2	Mr. Devendra Shah	Member	Executive Director	1	1
3	Mr. Pritam Shah	Member	Executive Director	1	1
4	Mr. Nitin Dhavalikar	Member	Independent Director	1	1

Ms. Rachana Sanganeria, Company Secretary of the Company is the Compliance Officer.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, Karvy Fintech Private Limited attend to all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

The total number of complaints received and resolved during the year ended March 31, 2019 was 19. There were no complaints outstanding as on March 31, 2019. The number of pending share transfers and pending requests for dematerialization as on March 31, 2019 were NIL.

No investor grievances remained unattended /pending for more than thirty days as on March 31, 2019.

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Type of Complaints	Number of Complaints
Non-Receipt of Annual Reports	12
Non-Receipt of Dividend	7

The above table includes Complaints received from SEBI SCORES by the Company.

The Minutes of the Stakeholders Relationship Committee Meetings are circulated to the Board and noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their updated telephone numbers and e-mail addresses to facilitate prompt action.

### Terms of reference:

The scope of the Stakeholders Relationship Committee mentioned in Regulation 20(4) in Part D of the Schedule II, has been amended pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 with respect to various aspects of interest of stakeholders, debenture holders and other security holders and the same is effective w.e.f. April 01, 2019. The Board approved the revised terms of reference on February 02, 2019 and the scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II to the SEBI (LODR) Regulations, 2015.

This Committee is responsible for the redressal of shareholder grievances. The terms of reference of the Stakeholders' Relationship Committee of our Company include the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- to consider and approve demat/ remat of shares/split/consolidation/sub-division of share/debenture certificates;
- to consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc;
- to oversee and review all matters connected with the transfer of the Company's securities; Non-receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by the Company to its shareholders; and
- Carrying out any other function as prescribed under Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and other applicable law as amended from time to time
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).
- Oversee the performance of the Company's Registrar and Share Transfer Agent.
- Recommend methods to upgrade the standard of services to the investors.

The Meetings of the Committee are generally held as and when deemed necessary, to review and ensure that all investor requests / grievances are redressed within stipulated time period.

Pursuant to the amendment in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2018 notified on May 9, 2018, whereby under Regulation 20, a new sub-regulation has been inserted: (2A) At least three Directors, with at-least one being an Independent Director, shall be member of the Committee, therefore the Company's Stakeholders Relationship Committee was reconstituted on August 06, 2018 and Mr. Nitin Dhavalikar - Independent Director was appointed as Member of the Committee in order to comply with amended Regulations

#### E. Corporate Social Responsibility Committee

The Committee's primary responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of corporate social responsibility policy, observe practices of Corporate Governance at all levels, and to suggest remedial measures wherever necessary. The Board has also empowered the Committee to look into the matters related to sustainability and overall governance.

#### Composition

The Corporate Social Responsibility (CSR) Committee comprises of four Directors, Mr. B.M. Vyas, Non-executive Non-Independent Director, is the Chairman of the Committee. The other members of the CSR Committee include Mr. Devendra Shah, Executive Director, Mr. Narendra Ambwani, and Ms. Radhika Pereira,

#### Meetings and Attendance:

The CSR Committee met once during the year 2018-19 on March 22, 2019. The requisite quorum was present at the Meeting.

The table below provides the attendance of the CSR Committee members:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the year	
				Held	Attended
1	Mr. B. M. Vyas	Chairman	Non-Executive Director	1	1
2	Mr. Devendra Shah	Member	Executive Director	1	1
3	Ms. Radhika Pereira	Member	Independent Director	1	1
4	Mr. Narendra Ambwani	Member	Independent Director	1	1

The details of corporate social responsibility activities of the Company during the year are mentioned in the annexure to the Directors' Report.

#### F. Finance Committee

Apart from the above statutory Committees, the Board of Directors has constituted the Finance Committee to raise the level of governance as also to meet the specific business needs. The Finance Committee of the Board of Directors w.e.f. August 10, 2016 has been set up to oversee routine operations that arise in the normal course of the business, such as decision on banking relations, delegation of operational powers, appointment of nominees under statutes, etc. and for taking

Independent Directors. The Composition of CSR Committee is in accordance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. As per Section 135 of the Companies Act, 2013 the Company had spent ₹12.42 Million for the financial year 2018-19.

The Company has formulated CSR Policy, which is uploaded on the website of the Company viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com)

#### Terms of Reference

- Formulate, monitor and recommend to the Board, the CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013
- To provide guidance on various CSR activities to be by the Company and to monitor process.
- Recommend to the Board, modifications to the CSR Policy as and when required
- Recommend to the Board, the amount of expenditure to be incurred on the activities undertaken
- Review the performance of the Company in the area of CSR including the evaluation of the impact of the Company's CSR activities
- Review the Company's disclosure of CSR matters
- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing regulations and the Companies Act, 2013

decisions on behalf of the Board, during the intervening period between two Board Meetings, on the routine matters and also the matters on which decisions are required to be taken urgently. The committee reports to the Board and the minutes of these meetings are placed before the Board for confirmation.

During the year, the Committee met 8 (Eight) times on May 25, 2018, August 14, 2018, August 20, 2018, September 05, 2018, November 27, 2018, December 27, 2018, February 12, 2019 and March 18, 2019.

The details of composition of the Finance Committee and attendance of the Members at the Finance Committee Meetings are as under:

Sr. No.	Name of Members	Designation	Category	No. of Meetings	
				Held	Meeting(s) Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	8	8
2	Mr. Pritam Shah	Member	Executive Director	8	8
3	Mr. Devendra Shah	Member	Executive Director	8	8



### Subsidiary Company

The minutes of the Board Meetings of the subsidiary company along with the details of significant transactions and arrangements entered into by the subsidiary company are shared with the Board of Directors on a quarterly basis. The financial statements of the subsidiary company are presented to the Audit Committee.

As on March 31, 2019, the Company does not have any material subsidiary having income or net worth exceeding 10% of the consolidated net worth or income of the listed entity and its subsidiary. However, it has formulated a policy for determining its 'Material' Subsidiaries and the same is available on the website of the Company viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

## 4. General Body Meetings

### Details of General Meetings:

Details of the Annual General Meetings (AGM) held during the last 3 years and Special Resolutions passed thereat are given below:

Financial Year	Date and Time	Venue	Details of Special Resolution(s) Passed
26th AGM 2017-18	September 19, 2018 at 11:30 A.M.	A-Wing, 5th Floor, MCCIA Trade Tower, ICC Complex, 403, Senapati Bapat Road, Mahratta Chamber of Commerce Industries & Agriculture (MCCIA), Pune - 411 016 - Maharashtra.	<ol style="list-style-type: none"> <li>To re-appoint Mr. Pritam Shah (DIN: 01127247) as the Managing Director and Key Managerial Personnel (KMP) of the Company.</li> <li>To re-appoint Mr. Devendra Shah (DIN: 01127319) as Whole-Time Director and Key Managerial Personnel (KMP) of the Company.</li> <li>To ratify Parag Milk Foods Limited "Employee Stock Option Scheme 2015" (ESOS 2015)</li> <li>Alteration of Articles of Association</li> </ol>
25th AGM 2016-2017	August 9, 2017 at 12:30 P.M.	A-Wing, 5th Floor, MCCIA Trade Tower, ICC Complex, 403, Senapati Bapat Road, Mahratta Chamber of Commerce Industries & Agriculture (MCCIA), Pune - 411 016 - Maharashtra.	<ol style="list-style-type: none"> <li>Approval for Payment of Managerial Remuneration to Mr. Devendra Shah- (DIN 01127319) - Chairman.</li> <li>Approval for Payment of Managerial Remuneration to Mr. Pritam Shah (DIN 01127247) - Managing Director</li> </ol>
24th AGM-2015-2016	September 29, 2016 at 11:30 A.M.	A-Wing, 5th Floor, MCCIA Trade Tower, ICC Complex, 403, Senapati Bapat Road, Mahratta Chamber of Commerce Industries & Agriculture (MCCIA), Pune - 411 016 - Maharashtra.	None

### Postal Ballot

During the year, the Company sought approval of Members by way of Special Resolutions through Notice of Postal Ballot dated March 01, 2018 as required pursuant to Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (the "Act") for the following Special Resolutions.

- Re-classification of IRIS Business Solutions Private Limited from Promoter Category to Public Category; and
- Increase of Investment Limit by Non-Resident Individuals to 24% of the Paid -up Equity Capital of the Company.

The aforesaid special resolutions passed through Postal Ballot conducted was deemed to have been passed with requisite majority on April 09, 2018

## 5. Communication to Shareholders

Effective communication of information is an essential component of Corporate Governance. It is a process of

sharing information, ideas, thoughts, opinions and plans to all stakeholders, which promotes management-shareholder relations. The Company regularly interacts with Members through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

- The unaudited quarterly and half yearly results are announced to the stock exchanges within forty –five days from the end of the quarter/half year and the audited annual results are announced within sixty days from the end of the last quarter / financial year as stipulated under the Listing Regulations and are sent to the Stock Exchanges within 30 minutes of conclusion of the Board Meeting(s) wherein the same are considered/approved.
- The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper and in local language (Marathi) newspaper, within forty-eight hours of approval thereof.

- The Company's financial results and official press releases are displayed on the Company's Website [www.paragmilkfoods.com](http://www.paragmilkfoods.com).
- Any presentation made to the institutional investors or/and analysts are also posted on the Company's website.
- Management Discussion and Analysis report forms part of the Annual Report, which is sent to the shareholders of the Company.
- The quarterly, half yearly and annual results, shareholding pattern, quarterly, half yearly and annual compliances and all other corporate communication to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited are filed electronically. The Company has complied with filing submissions through BSE's BSE Listing Centre. Likewise, the said information is also filed electronically with NSE through NSE's NEAPS portal.
- A separate dedicated section under "Investors Relation", on the Company's website gives information on unclaimed dividends, shareholding pattern, quarterly/half yearly results and other relevant information of interest to the investors / public.
- SEBI processes investor complaints in a centralized web based complaints redressal system i.e. SCORES. Through this system a shareholder can lodge complaint against a company for his grievance. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SEBI.
- The Company has designated the email id [investors@paragmilkfoods.com](mailto:investors@paragmilkfoods.com) exclusively for investor relations and the same is prominently displayed under the Investor Section on the Company's website [www.paragmilkfoods.com](http://www.paragmilkfoods.com)

## 6. General Shareholder Information

### i. Company Registration details

The Company is registered in the State of Maharashtra, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is **L15204PN1992PLC070209**.

### ii. Annual General Meeting for the Financial Year 2018-19

<b>DAY AND DATE</b>	Monday, September 30, 2019
<b>TIME</b>	03:30 P.M.
<b>VENUE</b>	A-Wing, 5th Floor, Navalmal Firodia Seminar hall, MCCIA Trade Tower, ICC Complex, Senapati Bapat Road, Mahratta Chamber of Commerce Industries & Agriculture (MCCIA), Pune - 411 016 - Maharashtra.
<b>FINANCIAL YEAR</b>	April 01, 2018 to March 31, 2019
<b>CUT-OFF DATE</b>	September 23, 2019
<b>BOOK CLOSURE</b>	September 24, 2019 to
<b>DATE FOR DIVIDEND</b>	September 30, 2019

### iii. Listing on the Stock Exchanges

The Company's Equity Shares are listed on the following stock exchanges:

Name and address of the Stock Exchanges	Stock Code / Scrip Code	ISIN Number
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Telephone nos. : 022-22721233/34 Facsimile no. : 022-2272 1919 Website : <a href="http://www.bseindia.com">www.bseindia.com</a>	539889	
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Telephone nos. : 022-2659 8100 -14 Facsimile no. : 022-2659 8120 Website : <a href="http://www.nseindia.com">www.nseindia.com</a>	PARAGMILK	INE883N01014

### Listing Fees

Listing fees for both the Stock Exchange(s) for the year 2018-19 has been paid.

### iv. Dividend

The Board of Directors at their Meeting held on May 11, 2019, recommended a Final Dividend, subject to approval of the shareholders at the ensuing Annual General Meeting of ₹ 1.00 /- per share, on equity shares of the Company for the Financial Year 2018-19. The Dividend shall be paid to the members whose names appear on Company's Register of Members on September 23, 2019 in respect of physical shareholders and whose name appear in the list of Beneficial Owner on September 23, 2019 furnished by NSDL and CDSL for this purpose. The dividend if declared at the Annual General Meeting shall be paid on or after October 01, 2019.

### Dividend history for last 2 years

- Dividend at ₹ 0.75/- per equity share was declared out of the profits of the Company for the financial year ended March 31, 2018 on 8,41,14,582 Equity Shares of ₹ 10/- each fully paid up equity shares.
- Dividend at ₹ 0.50/- per equity share was declared out of the profits of the Company for the financial year ended March 31, 2017 on 8,41,14,582 Equity Shares of ₹ 10/- each fully paid up equity shares.

### Unclaimed Dividend

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of seven years from the date of such transfer then such unclaimed or unpaid dividend shall be transferred by the Company along with interest accrued, if any to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of section 125. The details of unclaimed/unpaid dividend are available on the website of the Company viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com)

**Details of Unclaimed Dividend as on March 31, 2019 and due dates for transfer are as follows:**

Sr. No.	Financial Year to which Dividend pertains	Date of Declaration of Dividend	Date of transfer to unpaid dividend account	Unclaimed amount	Due date for transfer to IEPF account
1	2017-18	September 19, 2018	October 19, 2018	₹ 65,823	October 20, 2025
2	2016-17	August 09, 2017	September 11, 2017	₹ 12,623	September 10, 2024

During the year under review, the Company has not transferred any amount to Investor Education and Protection Fund. Members can claim the unpaid dividend from the Company before it is transferred to the Investor Education and Protection Fund. As per the Investor

Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF), the transferred dividend can be claimed by the concerned member by making an application in Form IEPF-5 along with necessary documents to the IEPF authority.

**v. Market Price Data:**

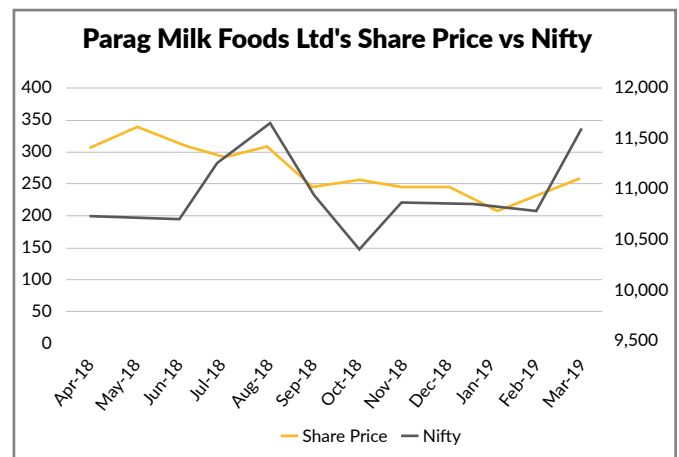
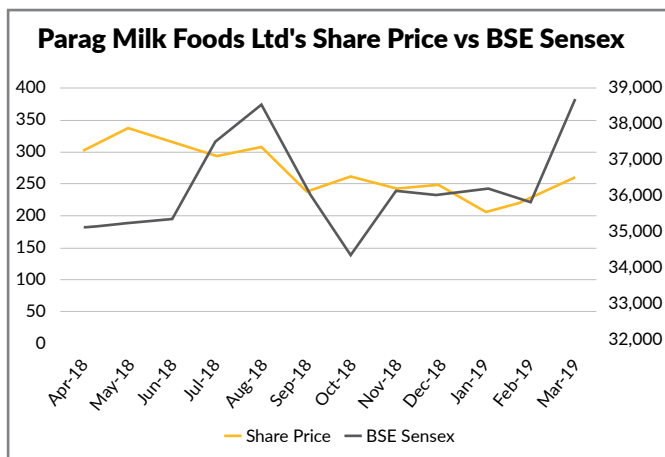
The details of monthly high/low market price of the Equity shares of the Company at BSE Ltd (BSE) and at the National Stock Exchange of India Ltd (NSE) for the year under review is provided here under:

Month	BSE			NSE		
	High	Low	Close	High	Low	Closing
Apr-18	319.70	243.55	304.70	320.00	243.10	304.75
May-18	414.95	293.85	341.60	368.95	291.40	340.95
Jun-18	364.90	288.30	313.40	365.30	288.30	313.35
Jul-18	317.35	277.50	294.15	318.85	277.00	294.60
Aug-18	344.45	291.20	309.15	344.70	290.80	309.60
Sep-18	317.40	232.60	239.15	318.00	215.00	239.00
Oct-18	274.90	223.00	259.40	270.80	221.35	258.90
Nov-18	279.00	239.10	243.60	279.00	239.35	243.85
Dec-18	260.60	232.00	248.10	259.90	231.15	247.70
Jan-19	249.90	204.65	207.25	249.95	204.00	207.75
Feb-19	228.50	197.00	227.05	230.00	197.05	228.20
Mar-19	264.90	225.95	261.50	264.00	225.40	260.75

Source: BSE and NSE Websites

**vi. Performance of the Company's Equity Share Price in comparison to BSE and NSE Indices**

The performance of the Company's equity share price vis-à-vis the broad based BSE and NSE indices during the year are as under:

**vii. Registrar and Share Transfer Agents**

The Company has appointed Karvy Fintech Private Limited ("Karvy") as its Registrar & Share Transfer Agents (R&TA) to handle the entire share registry work, both physical and electronic shares. Accordingly, all documents, transfer deeds, demat requests and other communications in relation thereto should be addressed to the R&TA at the following office.

**Karvy Fintech Private Limited**

Unit: Parag Milk Foods Limited  
 Karvy Selenium Tower B, Plot number 31 & 32,  
 Financial District, Gachibowli, Hyderabad - 500032  
 Email ID: mohsin.mohtd@karvy.com  
 Phone :+91 40 67161562 / 67161583  
 Website: www.karvyfintech.com

**viii. Share Transfer System**

The transfer of shares in physical form is processed and completed by Registrar & Transfer Agent within a period of seven days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants. In compliance with the Listing Regulations, a Practicing Company Secretary carries out audit of the System of Transfer and a certificate to that effect is issued.

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialised form with the depositories. Therefore, Shareholders are requested

to take action to dematerialize the Equity Shares of the Company, promptly.

**Nomination**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

**Dematerialization of Shares**

The shares of the Company are available for trading in the dematerialised form under both the Depository Systems in India - NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE883N01014.

The percentage of total paid up shares that were held in dematerialised form as on March 31, 2019 are as given below:

Particulars	Equity Shares of ₹ 10/- each		Shareholders	
	No. of Shares	Percentage(%)	No. of Shareholders	Percentage(%)
Physical segment	53	0.00%	2	0.00%
Demat segment	8,41,14,529	100.00%	47,714	99.99%
NSDL (A)	6,43,38,937	76.49%	23,843	49.97%
CDSL (B)	1,97,75,592	23.51%	23,873	50.03%
<b>Total (A+B)</b>	<b>8,41,14,582</b>	<b>100.00%</b>	<b>47,716</b>	<b>100.00%</b>

Members who still hold share certificates in physical form are advised to dematerialise their shareholding to avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, and elimination of any possibility of loss of documents and bad deliveries.

**ix. (i) Shareholding Pattern as on March 31, 2019**

The shareholding pattern of the Company as on March 31, 2019 with respect to categories of investors was as follows:

Category of Shareholder(s)	No. of Shareholders	No. of Shares	% of No. of Shares
<b>(A) Shareholding of Promoter and Promoter Group</b>			
(a) Individuals	10	3,86,61,435	45.96
(b) Bodies Corporate	-	-	-
<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>10</b>	<b>3,86,61,435</b>	<b>45.96</b>
<b>(B) Public Shareholding</b>			
<b>(1) Institutions</b>			
(a) Mutual Funds	5	47,35,976	5.63
(b) Banks/FI	2	1,02,824	0.12
(c) Venture Capital Funds	1	50,42,534	5.99
(d) Foreign Portfolio Investors	47	1,22,34,344	14.54
(e) Alternative Investment Funds	2	4,56,031	0.54
(f) Other Foreign Investors	-	-	-
<b>Sub-Total (B)(1)</b>	<b>57</b>	<b>2,25,71,709</b>	<b>26.83</b>
<b>(2) Non-Institutions</b>			
(a) Bodies Corporate	514	47,32,756	5.63
(b) Individuals			
(i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	44,489	1,15,72,906	13.76
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	42	32,47,669	3.86
(c) NBFCs registered with RBI	5	6,29,346	0.75
(d) Others	1,761	25,22,746	3.00
<b>Sub-Total (B)(2)</b>	<b>46,811</b>	<b>2,27,05,423</b>	<b>26.99</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>46,868</b>	<b>4,52,77,132</b>	<b>53.83</b>
<b>(C) Non Promoter - Non Public Shareholder</b>			
(a) Custodian/DR Holder	-	-	-
(b) Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations 2014)	1	176,015	0.21
<b>Total (A)+(B)+(C)</b>	<b>46,879</b>	<b>8,41,14,582</b>	<b>100</b>

**(ii) Distribution of shareholding of shares of the Company as on March 31, 2019 is as follows:**

The broad shareholding distribution of the Company as on March 31, 2019 with respect to size of holdings was as follows:

Sr. No.	Category	Cases	% of Cases	Amount	% of Amount
1	1-5000	41,885	87.77	41,196,650	4.90
2	5001- 10000	3,030	6.35	23,268,630	2.77
3	10001- 20000	1,531	3.21	22,651,150	2.69
4	20001- 30000	448	0.94	11,297,840	1.34
5	30001- 40000	207	0.43	7,375,870	0.88
6	40001- 50000	158	0.33	7,377,790	0.88
7	50001- 100000	255	0.53	18,587,930	2.21
8	100001 & Above	209	0.44	709,389,960	84.34
	<b>Total</b>	<b>47,723</b>	<b>100.00</b>	<b>841,145,820</b>	<b>100</b>

The quarterly shareholding patterns filed with the stock exchanges are also available on the website of the Company and on the website of the stock exchanges where equity shares of the Company are listed i.e., BSE and NSE.

**x. Reconciliation of Share Capital Audit**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges where the Company's shares are listed. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

**xi. Outstanding Global Depository Receipts ("GDRs") or American Depository Receipts ("ADRs") etc.**

The Company has not issued any GDRs/ADRs/Warrants. There are no outstanding Foreign Currency Convertible Bonds.

**xii. Commodity price risk or foreign exchange risk and hedging activities**

The Company has adequate risk assessment and minimization system. The Company does not deal in commodities, and hence no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018. However, company has a natural hedging from Export proceeds it receives with regard to foreign exchange risk.

**xiii. Credit Rating**

The Credit Rating assigned to the Company by ICRA Limited in respect of Line of Credit for long term is [ICRA] A (ICRA A) and in respect of line of credit for short term is [ICRA] A2 + (ICRA A two plus).

**xiv. Plant Location**

The Company has the following manufacturing and operating Divisions:

Sr. No.	Plant	Locations
1.	Plant 1	Manchar Plant: Awasari Phata, Post Manchar, Tal. Ambegoan Dist. Pune Maharashtra
2.	Plant 2	Palamaner Plant; 149/1, Samudra Palli (Village), Pengaragunta (P.O.), Palamaner (Mdl), Chittoor (Dist.), A.P. - 517 408
3.	Plant 3	Sonipat Plant: Plot No. 2266-2268, Food Park, Phase-2, HSIIDC Industrial Estate- Rai, Sonipat, Haryana - 131029

**xv. Address for correspondence**

- All Members' equity share related correspondence should be forwarded to Karvy Fintech Private Limited, the Registrar and Transfer Agent of the Company and non-equity share related should be forwarded to the Investor Service Department at the address mentioned below.
- The Company's dedicated e-mail address for Investors' Complaints and other communications is investors@paragmilkfoods.com
- SEBI vide its circular dated 26th March, 2018 issued new policy measures w.r.t. SEBI Complaints Redress System (SCORES). As per the new process, SEBI has requested the Members to approach the Company directly at the first instance for their grievances.

**Karvy Fintech Private Limited**  
Unit : Parag Milk Foods Limited  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli Financial District,  
Nanakramguda Hyderabad - 500 032  
Phone: +91- 040 - 33211500 / 33215570  
Fax: +91 - 040 - 23440674  
E-mail: mohsin.mohd@karvy.com  
Website: www.karvyfintech.com

**Investor Service Department**  
Parag Milk Foods Limited  
10th Floor, Nirmal Building, Nariman Point,  
Mumbai - 400 021  
Phone: +91 - 22 - 4300 5555  
Fax: +91 - 22 - 4300 5580  
E-mail: investors@paragmilkfoods.com  
Website: www.paragmilkfoods.com

**Compliance Officer**  
Ms. Rachana Sanganageria  
Company Secretary & Compliance Office  
E-mail: cs@paragmilkfoods.com  
Phone: (022) 43005555

## 7. Other Disclosures

### A. Disclosure on Materially Significant Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on arm's length basis. There were no materially significant transactions with Related Parties during the financial year. Related party transactions have been disclosed under significant accounting policies and notes forming part of the Financial Statements in accordance with "IND AS". A statement in summary form of transactions with Related Parties in ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommended to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

None of the transactions with Related Parties were in conflict with the interest of Company. All the transactions are in the ordinary course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

### B. Details of Non-Compliance, Penalties, Strictures Imposed by the Stock Exchange(s) or SEBI or any Statutory Authority on any Matter Related to Capital Markets since Listing.

The Company has complied with all requirements of the SEBI (LODR) Regulations, 2015, with the Stock Exchanges as well as the regulations and guidelines of SEBI and other regulatory authorities. No penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authorities on any matter relating to capital markets since listing of its securities.

### C. Vigil Mechanism (Whistle Blower Policy)

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairman of

the Audit Committee in exceptional cases. None of the personnel of the Company have been denied access to the Audit Committee. The Audit Committee is also authorised to supervise the conduct of investigations of any disclosures made by whistle blowers in accordance with the policy which ensures protection and confidentiality to whistle blowers. The Whistle Blower Policy is displayed on the Company's website viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com)

### D. Accounting Treatment:

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

### E. Compliance With Secretarial Standards

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on various aspects of corporate law and practices. The Company has complied with each one of them.

### F. Insider Trading Code

The Company has adopted an Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (the PIT Regulations).

The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. This Code is displayed on the Company's website viz. [www.paragmilkfoods.in](http://www.paragmilkfoods.in)

### G. A certificate has been received from M/s. N. L. Bhatia & Associates, a firm of Company Secretaries in Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority.

### H. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year - Not Applicable

### I. Total fees for all services paid by the Company and its subsidiary, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

The details of total fees for all services paid by the Company and its subsidiary, on a consolidated basis, to M/s. Haribhakti & Co. LLP, Chartered Accountants, Statutory Auditors of the Company and all the entities in the network firm/network entity of which Statutory Auditor is a part is as under:

Company Name	Relationship	Name of Statutory Auditor	(₹ in Million)
Parag Milk Foods Limited	--	M/s. Haribhakti & Co. LLP	4.18
Bhagyalaxmi Dairy Farms Private Limited	Wholly owned Subsidiary	M/s. Haribhakti & Co. LLP	0.38
<b>Total</b>			<b>4.56</b>

**J. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

As per the requirement of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH), the Company has a robust mechanism in place to redress complaints reported under it. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under POSH. The Internal Complaints Committee (ICC) is composed of internal members and an external member who has extensive experience in the field. The number of complaints filed and disposed of during the year and pending as on March 31, 2019 is given in the Directors' report.

**K. Discretionary Requirements under the Listing Regulations 2015**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations. The Corporate Governance Report of the Company for the year 2018-19 or as on March 31, 2019 are in compliance with the applicable requirements of SEBI as per Listing Regulations.

The status of adoption of the discretionary requirements as specified in sub-regulation 1 of Regulation 27 of the Listing Regulations are as follows:

- 1. Chairman's Office:** Chairman's Office is maintained by the Company and expenses towards performance of the Chairman's duties are borne by the Company / reimbursed to him.
- 2. Shareholder Rights:** The quarterly, half-yearly and annual financial results of the Company are posted on the Company's corporate website and extract of these results are published in newspapers on an all India basis. Significant events are also posted on the Company's website under the 'company news' section. The complete Annual Report is sent to every Shareholder of the Company.
- 3. Audit Opinion:** there are no modified opinions in audit report for the year ended March 31, 2019.
- 4. Internal Audit:** The Internal Auditors has direct access to the Audit Committee

**L. Code of Conduct**

The Board has laid down a Code of Conduct and Ethics for the Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for financial year 2018-19. Requisite declaration signed by the Managing Director to this effect is attached to this report.

**M. MD/CFO Certification**

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The Managing Director and the Chief Financial Officer also give quarterly

certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

- N. Compliance Certificate by Practicing Company Secretary**  
Certificate from M/s. N. L. Bhatia & Associates, a firm of Company Secretaries in Practice, confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

**O. Website Disclosures**

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly/Half yearly/ Nine-months and Annual Financial Results along with the applicable policies of the Company. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

**P. Disclosure on compliance with Corporate Governance Requirement**

The Company has complied with the requirements specified in Regulations 17 to 27 and Regulation 46 of Listing Regulations as applicable.

**8. Green Initiative**

By virtue of the Ministry of Corporate Affairs ("MCA") Circular Nos 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, read with Rule 11 of the Companies (Accounts) Rules, 2014, service of documents may be made to members through electronic mode.

The Company has been sending Annual Reports from FY 2015-16 by email to all those members whose email addresses are registered in the member records as maintained by the Registrar and Transfer Agent. Physical copies are also provided to such members on specific request.

We therefore appeal to the members to join the "Green Initiative" and request the members who have not registered / updated their e-mail addresses with Karvy, if shares are held in physical mode or with their Depository Participants, if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically

For Parag Milk Foods Limited

Date: May 11, 2019  
Place: Mumbai

Devendra Shah  
Executive Chairman  
(DIN: 01127319)

## DECLARATION BY MANAGING DIRECTOR ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

To,  
The Members of  
**Parag Milk Foods Limited**

The Company has formulated a Code of Conduct for Board of Directors and Senior Management Personnel of the Company. The Code has been posted on the Website of the Company. It is hereby affirmed that all Directors and Senior Managers have complied with the Code of Conduct framed by the Company and a confirmation to this effect for the year 2018-19 has been obtained from all the Directors and Senior Managers.

Place : Mumbai  
Date : May 11, 2019

**Mr. Pritam Shah**  
Managing Director  
(DIN : 01127247)

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## MANAGING DIRECTOR/CFO CERTIFICATE

To,  
The Board of Directors,  
**Parag Milk Foods Limited**

1. We, Pritam Shah – Managing Director and Vimal Agarwal – Chief Financial Officer of Parag Milk Foods Limited, to the best of our knowledge and belief, certify that:  
We have reviewed the Financial Statements for the Financial Year ended March 31, 2019 and to the best of our knowledge and belief:
  - a. these statements 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 laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended March 31, 2019 are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and we have evaluated the Effectiveness of Internal Control Systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee that:
  - a. There has not been any significant change in internal control over financial reporting during the year under reference;
  - b. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - c. We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Vimal Agarwal**  
Chief Financial Officer

Place: Mumbai  
Date: May 11, 2019



## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of  
**Parag Milk Foods Limited**

We have examined all the relevant records of Parag Milk Foods Limited ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended from time to time for the period from April 1, 2018 to March 31, 2019. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the said Listing Regulations.

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.

Date: May 10, 2019  
Place: Mumbai

For **M/s N. L. Bhatia & Associates**  
Practising Company Secretaries  
UIN: P1996MH055800

**N. L. Bhatia**  
Managing partner  
FCS: 1176  
CP. No. 422

# Independent Auditor's Report

To the Members of Parag Milk Foods Limited

## Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone Ind AS Financial Statements of Parag Milk Foods Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone Ind AS Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS"), of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone Ind AS Financial Statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS Financial Statements of the current year. These matters were addressed in the context of our audit of the standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How was the matter addressed in our audit
<p><b>Valuation of Trade Receivables</b> (Refer to note 3(iv) 'Accounting policy on trade receivables', note 11 'Trade receivables' and note 36 'Financial Risk Management - Credit Risk' to the standalone Ind AS financial statements)</p> <p>As at March 31, 2019, the trade receivables balance excluding provisions included in note 11 was ₹ 2,716.74 million.</p> <p>We have identified valuation of trade receivables as a key audit matter on account of the significant management judgement involved with respect to the recoverability of trade receivables and the provisions for impairment of receivables, and the importance of cash collection with reference to the working capital management of the business.</p>	<p>Our audit procedures included:</p> <p>(a) Understanding the trade receivables process with regards to valuation and evaluation of controls designed and implemented by the management.</p> <p>(b) Assessment of the appropriateness of the Company's credit risk policy and obtaining an understanding on management of credit risk.</p> <p>(c) Control testing:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding on credit approvals, establishing credit limits and continuous monitoring of creditworthiness of customers to which the Company grants the credit in normal course of business.</li> <li>• Obtaining understanding on how the Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables.</li> </ul> <p>(d) Tests of details:</p> <ul style="list-style-type: none"> <li>• We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements;</li> <li>• We have verified the underlying supporting documents like acceptance of Invoices along with various correspondence carried out by the Management of the Company with trade receivables for realisation of money;</li> <li>• We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables;</li> <li>• We have verified the appropriateness of judgements regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Company's provisioning policies.</li> <li>• We have conducted discussion with Management as to the recoverability of the old outstanding and corroborating Management's explanations with underlying documentation and correspondence with the customers.</li> </ul>

## Independent Auditor's Report continued

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

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

In preparing the standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone Ind AS Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS Financial Statements, including the disclosures, and whether the standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Independent Auditor's Report continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 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 and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
  - e) On the basis of the written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to Financial Statements of the Company and the operating effectiveness of such controls, we give our separate report in "Annexure 2".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act;
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial Statements – Refer Note 41 on Contingent Liabilities;
  - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 to the standalone Ind AS Financial Statements;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Haribhakti & Co. LLP**  
Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

**Snehal Shah**

Partner

Membership No. 048539

Place: Mumbai.

Date: May 11, 2019.

## Annexure 1 to the Independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Parag Milk Foods Limited ("the Company") on the standalone Ind AS financial statements for the year ended March 31, 2019]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, except for certain assets where quantitative details are not available since inception.
- (b) During the year, the Property, Plant and Equipment of the Company have been physically verified by the management, except for certain assets where quantitative details are not available as discussed above, and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties recorded as Property, Plant and Equipment in the books of account of the Company are held in the name of the Company.
- (ii) The inventory (excluding inventory lying with third parties) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Sections 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, customs duty, cess and any other material statutory dues applicable to it. However, there has been significant delays in depositing dues of goods and service tax, income tax and employees' state insurance.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the dues outstanding with respect to income tax, central sales tax (CST) and value added tax (VAT) on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (₹ in millions) <sup>#</sup>	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax and Penalty	12.89	2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Tax and Penalty	0.27	2014-15	Appeal to be filed
Income Tax Act, 1961	Tax and Penalty	11.96	2015-16	Appeal to be filed with Commissioner of Income Tax
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	0.45	2006-07	Joint Commissioner of Sales Tax (App)-1
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	37.90	2009-10	Joint Commissioner of Sales Tax (App)-1
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	0.64	2010-11	Joint Commissioner of Sales Tax (App)-1
Central Sales Tax Act, 1956	Duty and Penalty	8.72	2006-07	Joint Commissioner of Sales Tax (App)-1
Central Sales Tax Act, 1956	Duty and Penalty	20.25	2009-10	Joint Commissioner of Sales Tax (App)-1

<sup>#</sup> Amount paid under protest against the disputed dues of VAT / CST is ₹ 6.66 millions.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has not taken any borrowing from government or issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilised the money raised by way of term loans during the year for the purposes for which they were raised. The Company has not raised any money by way of public issue offer/further public offer (including debt instruments) during the year.

## Annexure 1 to the Independent Auditor's Report continued

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, clause 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, clause 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

**Snehal Shah**

Partner

Membership No. 048539

Place: Mumbai.

Date: May 11, 2019.

## Annexure 2 to the Independent Auditor's Report

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Parag Milk Foods Limited on the standalone Ind AS financial statements for the year ended March 31, 2019]

### Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Parag Milk Foods Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS 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 with reference to financial statements 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 (the "Guidance Note") 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on

the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP  
Chartered Accountants

ICAI Firm Registration No. 103523W / W100048

Snehal Shah

Partner

Membership No. 048539

Place: Mumbai

Date: May 11, 2019

# Standalone Balance Sheet

as at March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	3,757.26	3,660.14
Capital work-in-progress		231.11	159.91
Other intangible assets	5	34.17	46.90
Investment in Subsidiary	6	622.64	622.64
<b>Financial assets</b>			
Investments	7	5.30	5.05
Other financial assets	8	129.87	95.47
Deferred tax assets (Net)	34	176.69	73.04
Other non-current assets	9	173.11	119.69
<b>Total</b>		<b>5,130.15</b>	<b>4,782.84</b>
<b>Current assets</b>			
Inventories	10	4,477.45	4,299.95
<b>Financial assets</b>			
Trade receivables	11	2,716.74	2,458.71
Cash and cash equivalents	12	67.69	299.83
Other bank balances	13	46.83	185.90
Other current assets	14	1,710.96	1,652.19
<b>Total</b>		<b>9,019.67</b>	<b>8,896.58</b>
<b>Total assets</b>		<b>14,149.82</b>	<b>13,679.42</b>
<b>Equity And Liabilities</b>			
<b>Equity</b>			
Equity share capital	15	839.39	838.88
Other equity	16	7,411.63	6,329.02
		<b>8,251.02</b>	<b>7,167.90</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	17	646.21	635.15
Provisions	18	43.08	44.54
Other non-current liabilities	19	-	58.20
<b>Total</b>		<b>689.29</b>	<b>737.89</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	20	1,443.82	2,001.48
Trade payables	21		
Payable to Micro and Small Enterprises		23.63	18.91
Payable to others		2,838.76	2,893.65
Other financial liabilities	22	692.52	715.18
Other current liabilities	23	65.98	99.41
Provisions	18	9.82	3.16
Current Tax Liabilities (Net)	24	134.98	41.84
<b>Total</b>		<b>5,209.51</b>	<b>5,773.63</b>
<b>Total liabilities</b>		<b>5,898.80</b>	<b>6,511.52</b>
<b>Total equity and liabilities</b>		<b>14,149.82</b>	<b>13,679.42</b>
Significant accounting policies	3		

The accompanying Notes form an integral part of these Financial Statements.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**  
Partner  
Membership No. 048539

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Vimal Agarwal**  
Chief Financial Officer

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Rachana Sangneria**  
Company Secretary & Compliance Officer

Place: Mumbai  
Date: May 11, 2019

Place: Mumbai  
Date: May 11, 2019



# Standalone Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
<b>Revenue</b>			
Revenue from operations	25	23,461.31	19,181.18
Other income	26	40.49	56.30
<b>Total</b>		<b>23,501.80</b>	<b>19,237.48</b>
<b>Expenses</b>			
Cost of materials consumed	27	14,940.41	12,920.09
Purchases of stock-in-trade	28	1,482.79	688.18
Changes in inventories of work-in-progress and finished goods	29	(58.25)	7.92
Employee benefit expense	30	925.53	663.39
Finance costs	31	356.68	369.67
Depreciation and amortisation expense	32	481.37	487.56
Other expenses	33	3,995.82	3,024.44
<b>Total</b>		<b>22,124.35</b>	<b>18,161.25</b>
<b>Profit before exceptional items and tax</b>		<b>1,377.45</b>	<b>1,076.23</b>
Exceptional items		-	-
<b>Profit/(Loss) before tax</b>		<b>1,377.45</b>	<b>1,076.23</b>
Tax expense	34		
Current tax		361.67	276.72
Deferred tax		(104.19)	12.19
Tax adjustment in respect of earlier periods		(20.56)	2.52
<b>Profit/(Loss) after tax</b>		<b>1,140.53</b>	<b>784.80</b>
<b>Other comprehensive income</b>	34		
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans		1.55	(4.63)
Income Tax effect		(0.54)	1.60
<b>Other comprehensive income for the year, net of tax</b>		<b>1.01</b>	<b>(3.03)</b>
<b>Total comprehensive income for the year</b>		<b>1,141.54</b>	<b>781.77</b>
<b>Earnings per equity share of face value of ₹ 10/- each:</b>	46		
Basic earnings per share (in ₹)		13.59	9.36
Diluted earnings per share (in ₹)		13.56	9.33
Significant accounting policies	3		

The accompanying notes form an integral part of these Financial Statements.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**  
Partner  
Membership No. 048539

Place: Mumbai  
Date: May 11, 2019

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Vimal Agarwal**  
Chief Financial Officer

Place: Mumbai  
Date: May 11, 2019

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Rachana Sanganeria**  
Company Secretary & Compliance Officer

# Standalone Statement of Cash Flow

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. Cash flow from operating activities</b>		
<b>Net Profit before taxation</b>	1,377.45	1,076.23
<b>Add:</b>		
Depreciation/amortisation	481.37	487.56
Bad debts	187.26	-
Provision for doubtful debts	274.89	160
Advances written-off (PSI)	66.52	-
Unrealised forex (gain)/loss	(1.85)	10.83
Fair valuation loss - investment	0.75	0.08
Fair value changes of borrowing	6.11	0.41
ESOP expense	4.89	-
Finance cost	356.68	369.67
<b>Less:</b>		
Profit on sale of Property, Plant and Equipment (net)	(0.25)	-
Interest income	(20.35)	(37.30)
<b>Operating profit before working capital changes</b>	<b>2,733.47</b>	<b>2,067.48</b>
<b>Adjustments for:</b>		
(Increase)/decrease in inventories	(177.50)	(32.74)
(Increase)/decrease in trade receivables	(690.49)	(905.47)
(Increase)/decrease in non-current and current financial assets	(24.77)	21.03
(Increase)/decrease other non-current and current assets	(152.20)	(351.36)
Increase/(decrease) in non-current and current financial liabilities	105.34	75.00
Increase/(decrease) in other non-current and current liabilities	(91.63)	(447.07)
Increase/(decrease) in trade payables	(51.11)	(145.69)
Increase/(decrease) in provisions	6.75	12.87
<b>Cash generated from operations</b>	<b>1,657.86</b>	<b>294.05</b>
Direct taxes paid (net of refunds)	(274.02)	(126.80)
<b>Net cash flow from operating activities</b>	<b>1,383.84</b>	<b>167.25</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, plant and equipment	(769.19)	(592.68)
Purchase of intangible assets	(5.68)	(10.65)
Sale of Property, plant and equipment	0.64	-
Investment in fixed deposits	129.40	423.94
Investment in mutual funds	(1.00)	(5.07)
Interest received	20.40	44.37
<b>Net cash used in investing activities</b>	<b>(625.43)</b>	<b>(140.09)</b>

## Standalone Statement of Cash Flow

for the year ended March 31, 2019 (Contd.)

(All amounts are in ₹ million unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from long-term borrowings	236.64	210.00
Proceeds from issue of shares (net of issue expenses)	12.75	-
Proceeds/(repayment) short-term borrowings (net)	(557.66)	560.60
Repayment of long-term borrowings	(277.46)	(478.63)
Payment of dividend including dividend distribution tax	(76.06)	(50.62)
Interest paid	(328.76)	(371.61)
<b>Net cash flow from/(used in) financing activities</b>	<b>(990.55)</b>	<b>(130.26)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(232.14)</b>	<b>(103.10)</b>
<b>Cash and cash equivalents at the beginning of the year [Refer Note 12]</b>	<b>299.83</b>	<b>402.93</b>
<b>Cash and cash equivalents at the end of the year [Refer Note 12]</b>	<b>67.69</b>	<b>299.83</b>

### Explanatory notes to Statements of Cash Flows

In part A of Statement of Cash Flows, amounts in bracket indicate deductions made from net profit for deriving net cash flow from operating activities and in part B & C amounts in bracket indicate outflows.

The above Statement of Cash Flows has been prepared under the Indirect-Method as set out in Ind AS 7- Statement of Cash Flows.

Non-cash movement in borrowings include addition/deletion on account of unrealised foreign exchange loss/(gain) of ₹ 29.91 million (March 31, 2018: ₹ 1.99 million) in respect of Foreign Currency Loan.

The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Unrealised forex exchange (gain) / loss".

Particulars	Opening Balance	Cash Movement	Foreign Exchange Changes	Fair Value Changes	Others	Closing Balance
Long-term borrowing (net)	910.05	(40.82)	29.91	6.11	-	905.25
Short-term borrowing (net)	2,001.48	(557.66)	-	-	-	1,443.82
<b>Total</b>	<b>2,911.53</b>	<b>(598.48)</b>	<b>29.91</b>	<b>6.11</b>	<b>-</b>	<b>2,349.07</b>

### Significant accounting policies

The accompanying notes form an integral part of these Financial Statements.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**  
Partner  
Membership No. 048539

Place: Mumbai  
Date: May 11, 2019

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Vimal Agarwal**  
Chief Financial Officer

Place: Mumbai  
Date: May 11, 2019

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Rachana Sangneria**  
Company Secretary & Compliance Officer

## Statement of changes in equity

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

	March 31, 2019	March 31, 2018
	Amount	Amount
Balance at the beginning of the reporting period	838.88	838.88
Change during the year (refer Note 49)	0.51	-
<b>Balance at the end of the reporting period</b>	<b>839.39</b>	<b>838.88</b>

	Reserves and Surplus					Other Comprehensive Income (Remeasurement in defined benefit plans)	Total
	Securities Premium Reserve	General Reserve	Debenture redemption reserve	Employee Stock Options Outstanding	Retained Earnings		
<b>Balance as at April 1, 2017</b>	<b>4,379.50</b>	<b>27.39</b>	<b>22.50</b>	<b>9.37</b>	<b>1,110.08</b>	<b>(7.08)</b>	<b>5,541.76</b>
Profit after tax for the year	-	-	-	-	784.80	-	784.80
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(3.03)	(3.03)
Transfer of Employee Stock Options outstanding to General Reserve	-	1.67	-	(1.67)	-	-	-
Transfer of Debenture Redemption Reserve on redemption	-	22.50	(22.50)	-	-	-	-
Securities premium credited for unutilised IPO expense provision	56.11	-	-	-	-	-	56.11
Dividend paid	-	-	-	-	(42.06)	-	(42.06)
Tax on dividend	-	-	-	-	(8.56)	-	(8.56)
<b>Balance as at March 31, 2018</b>	<b>4,435.61</b>	<b>51.56</b>	<b>-</b>	<b>7.70</b>	<b>1,844.26</b>	<b>(10.11)</b>	<b>6,329.02</b>
Profit after tax for the year	-	-	-	-	1,140.53	-	1,140.53
Other comprehensive income for the year (net of tax)	-	-	-	-	-	1.01	1.01
Deferred Employee Compensation Expense	-	-	-	4.89	-	-	4.89
Transfer of Employee Stock Options outstanding to General Reserve	-	7.70	-	(7.70)	-	-	-
Securities premium credited for equity shares issued by ESOP trust	12.24	-	-	-	-	-	12.24
Dividend paid	-	-	-	-	(63.09)	-	(63.09)
Tax on dividend	-	-	-	-	(12.97)	-	(12.97)
<b>Balance as at March 31, 2019</b>	<b>4,447.85</b>	<b>59.26</b>	<b>-</b>	<b>4.89</b>	<b>2,908.73</b>	<b>(9.10)</b>	<b>7,411.63</b>

Significant accounting policies 3  
The accompanying notes form an integral part of these Financial Statements.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**  
Partner  
Membership No. 048539

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Vimal Agarwal**  
Chief Financial Officer

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Rachana Sanganageria**  
Company Secretary & Compliance Officer

Place: Mumbai  
Date: May 11, 2019

Place: Mumbai  
Date: May 11, 2019

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

## 1. Corporate information

Parag Milk Foods Limited (formerly Parag Milk Foods Private Limited) ("the Company") was incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged in the business of procurement of cow milk mainly in western and southern region, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk powder, flavoured milk, lassi, curd etc. which are marketed under its registered brand name "Gowardhan", "Go" and "Topp up". The registered office of the Company is situated at Flat No. 1, Plot No. 19, Nav Rajasthan Society, S. B. Road, Shivaji Nagar, Pune - 411 016.

## 2. Basis of preparation

### A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The standalone financial statements were authorised for issue by the Company's Board of Directors on May 11, 2019.

Details of the Company's accounting policies are included in Note 3.

### B. Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest millions, unless otherwise indicated.

### C. Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Shared-based payments	Fair value
Net defined benefit (asset)/ liability	Present value of defined benefit obligation less Fair value of plan assets

### D. Current / non-current classification of assets/liabilities

The Company has classified all its assets/liabilities into current/non-current portion based on the time frame

of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realised/ settled within 12 months from the date of financial statements are classified as current and other assets/liabilities are classified as non-current.

### E. Use of estimates and judgements

In the preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions, judgements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 are as below and also been discussed in detail in the relevant section of accounting policies.

- Measurement of defined benefit obligations: key actuarial assumptions;
- Useful life of property, plant and equipment
- Fair value measurement of financial instruments
- Impairment of financial assets.

### F. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Share-based payments
- Financial instruments.

### 3. Significant accounting policies

#### a) Property, plant and equipment

##### i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

##### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### iii. Depreciation

Depreciation on cost of fixed assets is provided on straight line method at estimated useful life, which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013, except for Second hand machineries which are depreciated over an estimated useful life of 10 years based on management estimate.

Depreciation on additions is provided on a prorata basis from the date of ready to use and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month proceeding the month of deduction/disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

#### iv. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of classification.

v. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

#### b) Intangible assets

##### i. Recognition and measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

##### ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increase the future economic benefits embodied in the specific assets to which it relates. All other expenditure are recognised in profit or loss as incurred.

##### iii. Amortisation

Amortisation is recognised on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Assets	Useful life (years)
Trade Marks	10
Computer Software	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

#### c) Impairment

##### i. Financial assets

The Company recognises loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL with simplified approach. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of profit and Loss.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

## ii. Non-financial assets

### Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

### d) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to April 1, 2016, the date of inception is deemed to be April 1, 2016 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

#### As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured

to increase in line with expected general inflation to compensate for the expected inflation.

### e) Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on first in first out basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Stock-in-trade and finished goods are valued at the lower of net realisable value and cost (including prime cost and other overheads incurred in bringing the inventories to their present location and condition), computed on a first in first out basis.

### f) Financial instruments

#### i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

#### ii. Classification and subsequent measurement Financial Assets

##### Financial assets carried at amortised cost

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

## Financial assets at fair value through other comprehensive income

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case, the Company's management has made an irrevocable election at the time of initial recognition to account for the equity investment (Other than Investments in equity instruments of Subsidiary) fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.

## Investment in subsidiary

Investment in subsidiary is carried at cost in the financial statements.

## Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

## Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### iii. Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

### g) Revenue recognition

Revenue is recognised when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimate they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying Group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

Interest income is recognised using the effective interest method.

Processing charges is recognised as per the terms of the contract when the related services are rendered.

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

## h) Foreign currencies

### Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the Company are recorded in the functional currency (INR), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit & Loss.

### Measurement of foreign currency items at reporting date

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit & Loss except exchange differences on long-term foreign currency monetary items related to acquisition of fixed assets prior to transition to Ind AS, which are included in the cost of fixed assets.

## i) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

## j) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

## ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

### Presentation of current and deferred tax

Current and deferred tax are recognised as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognised in Other Comprehensive Income.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

The Company offsets current tax assets and current tax liabilities, where it has legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset/Net of Deferred tax liabilities.

**k) Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

**l) Provisions, contingent liabilities and contingent assets**

The Company recognises the provisions when a present obligation (legal or constructive) as a result of past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying the economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying the economic benefits is remote, no provision or disclosure is made. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

**m) Employee benefits**

**Short-term employee benefits**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences

and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

**Post-employment benefits**

Contributions to defined contribution schemes such as Provident Fund, Employees State Insurance., are recognised as expenses in the period in which the employee renders the related service. The Company has no further obligations beyond its monthly contributions. The Company also provides for post-employment defined benefit in the form of gratuity. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

**Other long-term employee benefits**

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

**n) Share-based payments**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in Share-Based Payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**o) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**p) Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

**q) Cash flow statement**

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of

transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

**r) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

## Note 4: Property, plant and equipment

(All amounts are in ₹ million unless otherwise stated)

	Freehold land	Leasehold building improvements	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computer	Total
<b>Year ended March 31, 2018</b>									
<b>Gross carrying amount</b>									
Opening gross carrying amount	33.08	37.87	584.74	2,801.78	21.89	24.17	9.83	21.07	3,534.43
Additions during the year	-	0.21	136.07	925.23	2.14	0.16	1.18	9.57	1,074.56
<b>Closing gross carrying amount as at March 31, 2018</b>	<b>33.08</b>	<b>38.08</b>	<b>720.81</b>	<b>3,727.01</b>	<b>24.03</b>	<b>24.33</b>	<b>11.01</b>	<b>30.64</b>	<b>4,608.99</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	3.90	27.67	428.26	1.90	5.12	2.43	1.83	471.11
Depreciation charge during the year	-	14.26	29.47	417.38	2.51	3.52	2.24	8.36	477.74
<b>Closing accumulated depreciation up to March 31, 2018</b>	<b>-</b>	<b>18.16</b>	<b>57.14</b>	<b>845.64</b>	<b>4.41</b>	<b>8.64</b>	<b>4.67</b>	<b>10.19</b>	<b>948.85</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>33.08</b>	<b>19.92</b>	<b>663.67</b>	<b>2,881.37</b>	<b>19.62</b>	<b>15.69</b>	<b>6.34</b>	<b>20.45</b>	<b>3,660.14</b>
<b>Year ended March 31, 2019</b>									
<b>Gross carrying amount</b>									
Opening gross carrying amount	33.08	38.08	720.81	3,727.01	24.03	24.33	11.01	30.64	4,608.99
Additions during the year	123.34	2.43	13.58	386.13	15.09	4.87	7.16	7.88	560.48
Disposals during the year	-	-	-	(0.13)	(0.07)	(1.47)	-	-	(1.67)
<b>Closing gross carrying amount as at March 31, 2019</b>	<b>156.42</b>	<b>40.51</b>	<b>734.39</b>	<b>4,113.01</b>	<b>39.05</b>	<b>27.73</b>	<b>18.17</b>	<b>38.52</b>	<b>5,167.80</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	18.16	57.14	845.64	4.41	8.64	4.67	10.19	948.85
Depreciation charge during the year	-	13.48	31.18	398.48	3.76	3.16	2.55	10.35	462.96
Disposals during the year	-	-	-	-	-	(1.27)	-	-	(1.27)
<b>Closing accumulated depreciation up to March 31, 2019</b>	<b>-</b>	<b>31.64</b>	<b>88.32</b>	<b>1,244.12</b>	<b>8.17</b>	<b>10.53</b>	<b>7.22</b>	<b>20.54</b>	<b>1,410.54</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>156.42</b>	<b>8.87</b>	<b>646.07</b>	<b>2,868.89</b>	<b>30.88</b>	<b>17.20</b>	<b>10.95</b>	<b>17.98</b>	<b>3,757.26</b>

Under the Indian GAAP, Company was following the accounting treatment as per paragraph 46/ 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences on account of depreciable assets was added/deducted from the cost of the depreciable asset, which was depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has opted to apply this exemption and accordingly the Company has adjusted foreign exchange loss of ₹ 41.60 million for the year ended March 31, 2019 (March 31, 2018: loss of ₹ 0.40 million) arising on reporting of long-term foreign currency monetary item against the historical cost of fixed assets.

For details of assets given as security against borrowings, Refer Note 17 and Note 20.

Amount of contractual commitments for the acquisition of PPE, Refer Note 42.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

## Note 5: Other intangible assets

(All amounts are in ₹ million unless otherwise stated)

	Computer software	Brands / Trade Marks	Total
<b>Year ended March 31, 2018</b>			
<b>Gross carrying amount</b>			
Opening gross carrying amount	5.56	0.18	5.74
Additions during the year	52.50	-	52.50
<b>Closing gross carrying amount as at March 31, 2018</b>	<b>58.06</b>	<b>0.18</b>	<b>58.24</b>
<b>Accumulated amortisation</b>			
Opening accumulated amortisation	1.46	0.06	1.52
Amortisation charge for the year	9.74	0.08	9.82
<b>Closing accumulated amortisation up to March 31, 2018</b>	<b>11.20</b>	<b>0.14</b>	<b>11.34</b>
<b>Closing net carrying amount as at March 31, 2018</b>	<b>46.86</b>	<b>0.04</b>	<b>46.90</b>
<b>Year ended March 31, 2019</b>			
<b>Gross carrying amount</b>			
Opening gross carrying amount	58.06	0.18	58.24
Additions during the year	0.98	4.70	5.68
<b>Closing gross carrying amount as at March 31, 2019</b>	<b>59.04</b>	<b>4.88</b>	<b>63.92</b>
<b>Accumulated amortisation</b>			
Opening accumulated amortisation	11.20	0.14	11.34
Amortisation charge for the year	18.10	0.31	18.41
<b>Closing accumulated amortisation up to March 31, 2019</b>	<b>29.30</b>	<b>0.45</b>	<b>29.75</b>
<b>Closing net carrying amount as at March 31, 2019</b>	<b>29.74</b>	<b>4.43</b>	<b>34.17</b>

There are no contractual commitments for the acquisition of intangible assets.

## Note 6: Investment in subsidiaries

	Face value	% of holding	March 31, 2019		March 31, 2018	
			Quantity (Nos.)	Value	Quantity (Nos.)	Value
<b>Unquoted</b>						
<b>Investment in equity instruments (fully paid-up)</b>						
<b>Investment in wholly owned subsidiary carried (at cost, trade)</b>						
Bhagalaxmi Dairy Farms Private Limited	₹ 10	100%	57,85,354	622.64	57,85,354	622.64

## Note 7: Other Investments

	Face value	% of holding	March 31, 2019		March 31, 2018	
			Quantity (Nos.)	Value	Quantity (Nos.)	Value
<b>Unquoted</b>						
<b>Investment in equity instruments (fully paid-up)</b>						
<b>Investment in other entities (fair value through Profit and Loss)</b>						
OPGS Power Gujarat Private Limited			2,18,000	-	2,18,000	0.07
Rupee Co-operative Bank Ltd.			3,800	0.00	3,800	0.04
<b>Other Investments</b>						
<b>Investment in other entities (fair value through Profit and Loss)</b>						
Sharad Sahakari Bank Ltd.			318	0.02	318	0.02
<b>Quoted</b>						
<b>Investment in mutual fund (fair value through Profit and Loss)</b>						
PFGE-Union Balanced Advantage Fund Regular Plan - Growth			4,99,990	4.28	4,99,990	4.92
FSGP-IDBI Banking & Financial			1,00,000	1.00	-	-
<b>Total</b>				<b>5.30</b>		<b>5.05</b>
<b>Total non-current investments</b>				<b>627.94</b>		<b>627.69</b>
Aggregate amount of quoted investments and market value thereof				5.28		4.92
Aggregate amount of unquoted investments				622.66		622.77
Aggregate amount of impairment in the value of investments				-		-

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 8: Other financial assets – Non-current

	March 31, 2019	March 31, 2018
<b>Unsecured, considered good</b>		
Fixed deposits having original maturity of more than one year	12.30	2.62
Interest Receivable	0.29	0.34
Deposits	117.28	92.51
<b>Total</b>	<b>129.87</b>	<b>95.47</b>

## Note 9: Other non-current assets

	March 31, 2019	March 31, 2018
<b>Unsecured, considered good</b>		
Capital advances	173.11	119.69
<b>Total</b>	<b>173.11</b>	<b>119.69</b>

## Note 10: Inventories (At lower of cost and net realisable value)

	March 31, 2019	March 31, 2018
<b>Raw materials</b>	120.14	21.24
Work-in-progress	2,828.14	2,212.34
Finished goods	1,282.22	1,839.77
Packing material	127.19	103.60
Stores and spares	119.76	123.00
<b>Total</b>	<b>4,477.45</b>	<b>4,299.95</b>

For Inventories pledged as securities against borrowings, see Note 17 and 20.

The above includes goods in transit as below:

	March 31, 2019	March 31, 2018
Stock in transit - finished goods	8.68	-

The cost of inventories recognised as an expense includes ₹ 0.65 million (March 31, 2018: ₹ 13.91 million) in respect of write down of inventories to net realisable value. Further, a sum of ₹ 13.91 million (March 31, 2018: ₹ 10.50 million) in respect of reversal of such write downs. Previous write downs have been reversed as a result of appreciation in market price of such inventories.

## Note 11: Trade receivables

	March 31, 2019	March 31, 2018
Unsecured, Considered good	2,716.74	2,458.71
Unsecured, Significant increase in credit risk	1,052.95	804.96
Less: Allowance for doubtful debts	(1,052.95)	(804.96)
	-	-
<b>Total</b>	<b>2,716.74</b>	<b>2,458.71</b>

No trade receivables are due from directors or other officers of the Company, either severally or jointly with any other person, nor any trade and other receivables are due from firms or private companies respectively in which any directors is a partner, a director or a member.

The Company's exposure to credit and currency risk related to trade receivables are disclosed in Note 36 A & 36 C.

## Note 12: Cash and cash equivalents

	March 31, 2019	March 31, 2018
<b>Balances with banks</b>		
in current accounts	31.90	57.05
Fixed deposits with original maturity of less than three months	23.10	236.08
Cash on hand	12.69	6.70
<b>Total</b>	<b>67.69</b>	<b>299.83</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 13: Other bank balances

	March 31, 2019	March 31, 2018
Fixed deposits (having original maturity of more than three months but less than twelve months)	46.83	185.90
<b>Total</b>	<b>46.83</b>	<b>185.90</b>

## Note 14: Other current assets

	March 31, 2019	March 31, 2018
<b>Advances other than capital advances</b>		
Unsecured, considered good:		
Prepaid Expenses	8.48	10.92
Advances & other recoverables	727.89	944.24
Advance to subsidiary (Refer Note 43)	47.60	-
<b>Recoverable from statutory and government authorities</b>		
Unsecured, considered good:		
Electricity duty receivable	22.20	23.11
PSI incentive & export subsidy receivable	525.79	626.45
Milk incentive receivable	374.63	-
GST, VAT & Sales tax receivable	4.37	47.47
Interest Receivable	-	-
<b>Unsecured, considered doubtful</b>		
Advances & other recoverables	18.88	-
Recoverable from statutory and government authorities	25.24	17.21
Less: Provision for doubtful advances	(44.12)	(17.21)
<b>Grand Total</b>	<b>1,710.96</b>	<b>1,652.19</b>

## Note 15: Equity share capital

### Authorised equity share capital

Particulars	Number of shares (Nos.)	Face Value (₹)	Amount
<b>As at April 1, 2017</b>	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
<b>As at March 31, 2018</b>	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
<b>As at March 31, 2019</b>	10,00,00,000	10.00	1,000.00

### Issued, subscribed and fully paid up share capital

Particulars	Number of shares (Nos.)	Face Value (₹)	Amount
<b>As at April 1, 2017</b>			
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 2,27,000 share allotted to the Trust)	2,27,000	10.00	2.27
Net Issued, subscribed and fully paid up share capital	8,38,87,582	10.00	838.88
Issued during the year	-	-	-
<b>As at March 31, 2018</b>	<b>8,38,87,582</b>	<b>10.00</b>	<b>838.88</b>
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 2,27,000 share allotted to the Trust)	2,27,000	10.00	2.27
Net Issued, subscribed and fully paid up share capital	8,38,87,582	10.00	838.88
Add: Issued during the year by ESOP Trust to employees (refer Note 49)	50,985	10.00	0.51
<b>As at March 31, 2019</b>	<b>8,39,38,567</b>	<b>10.00</b>	<b>839.39</b>

### Terms and rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

## Details of shareholders holding more than 5% shares in the Company

Particulars	March 31, 2019		March 31, 2018	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Mr. Devendra Prakash Shah	1,50,06,400	17.88%	1,50,06,400	17.89%
Mr. Pritam Prakash Shah	91,59,888	10.91%	91,59,888	10.92%
Mrs. Netra Pritam Shah	88,67,027	10.56%	88,67,027	10.57%
IDFC Trustee Co. Ltd. A/C IDFC Infrastructure Fund	50,42,534	6.01%	50,74,234	6.05%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. The above percentage have been computed after excluding 176,015 nos (March 31, 2018 227,000 nos) of equity shares issued to ESOP Trust.

## Information on equity shares (Nos.) allotted without receipt of cash or allotted as bonus shares or shares bought back

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash, by way of conversion of compulsorily convertible debentures	-	-	-	1,20,84,385	-
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium and surplus balance.	-	-	-	4,21,35,038	-

## Note 16: Other equity

Particulars	March 31, 2019	March 31, 2018
Securities Premium Reserve	4,447.85	4,435.61
General Reserve	59.26	51.56
Retained Earnings	2,908.73	1,844.26
Employee Stock Options Outstanding	4.89	7.70
Other Comprehensive Income	(9.10)	(10.11)
<b>Total</b>	<b>7,411.63</b>	<b>6,329.02</b>

## Movement in Reserves

Particulars	March 31, 2019	March 31, 2018
<b>Securities Premium Reserve</b>		
Opening Balance (net off Premium on 2,27,000 shares allotted to the ESOP Trust)	4,435.61	4,379.50
Add: Securities premium credited on share issued by Trust to employees	12.24	-
Add: Securities premium credited for unutilised IPO expense provision	-	56.11
<b>Closing Balance</b>	<b>4,447.85</b>	<b>4,435.61</b>
<b>General Reserves</b>		
Opening Balance	51.56	27.39
Add: Transfer from Employee Stock Options Outstanding	7.70	1.67
Add: Transfer from Debenture redemption reserve	-	22.50
<b>Closing Balance</b>	<b>59.26</b>	<b>51.56</b>
<b>Debenture Redemption Reserve</b>		
Opening Balance	-	22.50
Less: Transfer to General Reserve	-	(22.50)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>Employee Stock Options Outstanding</b>		
Opening Balance	7.70	9.37
Add: Deferred Employee Compensation Expense	4.89	-
Less: Transfer to General reserve	(7.70)	(1.67)
<b>Closing Balance</b>	<b>4.89</b>	<b>7.70</b>



## Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
<b>Retained Earnings</b>		
Opening Balance	1,844.26	1,110.08
Add: Profit/(loss) after tax for the year	1,140.53	784.80
Less: Dividends	(63.09)	(42.06)
Less: Dividend distribution tax	(12.97)	(8.56)
<b>Closing Balance</b>	<b>2,908.73</b>	<b>1,844.26</b>
<b>Other Comprehensive Income</b>		
Opening Balance	(10.11)	(7.08)
Add: Change during the year (net of tax)	1.01	(3.03)
<b>Closing Balance</b>	<b>(9.10)</b>	<b>(10.11)</b>
<b>Closing balance</b>	<b>7,411.63</b>	<b>6,329.02</b>

- Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.
- General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.
- Debenture redemption reserve represents reserve created out of profit/retained earnings at specified value of debentures to be redeemed. The Company has transferred the balance to general reserve as the debentures have been redeemed during the year.
- Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.
- The shares option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employee Stock Grant Scheme which are unvested as on the reporting date and is net of the deferred employee compensation expense.

### Distribution made and proposed to be made

Particulars	March 31, 2019	March 31, 2018
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend		
For the year ended on March 31, 2018: ₹ 0.75 per share (March 31, 2017: ₹ 0.50 per share)	63.09	42.06
DDT on final dividend	12.97	8.56
<b>Proposed dividend on equity shares:</b>		
Final equity dividend		
For the year ended on March 31, 2019: ₹ 1 per share (March 31, 2018: ₹ 0.75 per share)	84.11	63.09
DDT on proposed dividend	17.29	12.97

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at March 31, 2019.

### Note 17: Borrowings - non-current

Particulars	March 31, 2019	March 31, 2018
<b>Secured</b>		
<b>Term loans</b>		
From banks		
Rupee Currency Loan	403.79	280.58
Foreign currency loan	498.31	618.69
Vehicle Loan	2.68	1.39
From Other Parties		
Vehicle Loan	0.47	9.39
	<b>905.25</b>	<b>910.05</b>
Less: Current maturity	(259.04)	(274.90)
<b>Total</b>	<b>646.21</b>	<b>635.15</b>

## Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Indian rupee loans from a bank of ₹ 403.79 million (March 31, 2018: ₹ 280.58 million) carry interest @ 9.30%-11.00%. The loans are repayable over 13-59 monthly instalments starting from July 2014, March 2018, June 2019 and September 2019 along with interest. The loan is secured by *pari passu* charge on fixed assets and second *pari passu* charge on current assets of the Company and personal guarantee of Promoter Directors.

Foreign currency loan from a financial institution of ₹ 498.31 million (March 31, 2018: ₹ 618.69 million) carries interest @ 5.15%-5.92%. The loans are repayable in 12 semi annual instalments along with interest starting from June, 2016. The loan is secured by first *pari passu* charge on movable and immovable fixed property and second *pari passu* charge of entire current assets of the Company along with other banks and personal guarantees of Directors and their relatives.

Hire purchase loan from banks of ₹ 2.68 million (March 31, 2018: ₹ 1.39 million) carries interest @ 8.33% to 9.35 % p.a. The loans are repayable in 36 to 60 monthly instalments starting from the respective date of finance. The loan is secured by specific assets financed (vehicle).

Indian rupee loans from financial institutions of ₹ 0.47 million (March 31, 2018: ₹ 9.39 million) represents loan secured by hypothecation of equipments and vehicles. The loans are repayable over 36-78 instalments and carry interest in the range of 9.75% - 12.98%.

### Note 18: Provisions

Particulars	March 31, 2019	March 31, 2018
<b>Non-current:</b>		
Provision for compensated absences (Refer Note No. 39)	6.22	12.22
Provision for gratuity (net) (Refer Note No. 39)	36.86	32.32
<b>Total</b>	<b>43.08</b>	<b>44.54</b>
<b>Current:</b>		
Provision for compensated absences (Refer Note No. 39)	9.82	3.16
<b>Total</b>	<b>9.82</b>	<b>3.16</b>

### Note 19: Other non-current liabilities

Particulars	March 31, 2019	March 31, 2018
Deposit from customers	-	58.20
<b>Total</b>	<b>-</b>	<b>58.20</b>

### Note 20: Borrowings - current

Particulars	March 31, 2019	March 31, 2018
<b>Secured</b>		
Loans repayable on demand		
From banks - Cash Credit	1,443.82	2,001.48
<b>Total</b>	<b>1,443.82</b>	<b>2,001.48</b>

#### Note:

Cash credit from banks are secured by first *pari passu* charge on all current assets of the Company and second *pari passu* charge on fixed assets of the Company, personal guarantee of Promoter Directors. The cash credit is repayable on demand and carries interest @ 12.40% p.a. to 15.00% p.a.

### Note 21: Trade payables - current (Also refer Note 36B, 36C)

Particulars	March 31, 2019	March 31, 2018
Due to micro and small enterprises (refer Note 45)	23.63	18.91
Others	2,838.76	2,893.65
<b>Total</b>	<b>2,862.39</b>	<b>2,912.56</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 22: Other current financial liabilities

Particulars	March 31, 2019	March 31, 2018
Current maturities of long-term debt (refer Note 17)	259.04	274.90
Interest accrued on borrowings	16.93	15.06
Deposits	228.68	160.10
Employee related Liabilities	97.24	53.31
Trade payable for Capital Goods other than payable to Micro and Small Enterprises	87.70	201.69
Directors remuneration payable (refer Note 43)	2.93	10.12
<b>Total</b>	<b>692.52</b>	<b>715.18</b>

## Note 23: Other current liabilities

Particulars	March 31, 2019	March 31, 2018
Statutory dues payables	58.08	56.30
Advances from customers	7.18	43.11
Other payable	0.72	-
<b>Total</b>	<b>65.98</b>	<b>99.41</b>

## Note 24: Current tax liabilities (net)

Particulars	March 31, 2019	March 31, 2018
Current Tax Liability Net of advance and TDS ₹ 815.25 million (March 31, 2018: ₹ 541.23 million)	134.98	41.84
<b>Total</b>	<b>134.98</b>	<b>41.84</b>

## Note 25: Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products	21,865.61	18,657.96
Other operating revenue	1,595.70	523.22
<b>Total</b>	<b>23,461.31</b>	<b>19,181.18</b>

## Note 26: Other income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income		
Bank Deposits	19.98	36.24
Others	-	0.73
Exchange Fluctuation (Net)	8.47	-
Profit on sale of Property, Plant and Equipments (net)	0.25	-
Recoupment of Financial Guarantee Contract	-	5.20
Interest Income on Security Deposit	0.37	0.34
Miscellaneous Income	11.42	13.79
<b>Total</b>	<b>40.49</b>	<b>56.30</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 27: Cost of materials consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Raw material consumed</b>		
Inventory at the beginning of the year	21.24	33.98
Add: Purchases	13,472.17	11,693.34
	<b>13,493.41</b>	<b>11,727.32</b>
Less: Inventory at the end of the year	(120.14)	(21.24)
	<b>13,373.27</b>	<b>11,706.08</b>
<b>Packing material, stores spares &amp; consumables consumed</b>		
Inventory at the beginning of the year	226.60	173.20
Add: Purchases	1,587.49	1,267.41
	<b>1,814.09</b>	<b>1,440.61</b>
Less: Inventory at the end of the year	(246.95)	(226.60)
	<b>1,567.14</b>	<b>1,214.01</b>
<b>Total</b>	<b>14,940.41</b>	<b>12,920.09</b>

## Note 28: Purchase of stock-in-trade

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Milk products	1,482.79	688.18
<b>Total</b>	<b>1,482.79</b>	<b>688.18</b>

## Note 29: Changes in inventories of work-in-progress and finished goods

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Inventories at the beginning of the year</b>		
Finished goods – Milk Products	1,839.77	2,049.95
Work-in progress – Milk Products	2,212.34	2,010.08
	<b>4,052.11</b>	<b>4,060.03</b>
<b>Inventories at the end of the year</b>		
Finished goods – Milk Products	1,282.22	1,839.77
Work-in-progress – Milk Products	2,828.14	2,212.34
	<b>4,110.36</b>	<b>4,052.11</b>
<b>Changes in inventories of work-in-progress and finished goods</b>	<b>(58.25)</b>	<b>7.92</b>

## Note 30: Employee benefit expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	823.91	581.85
Contributions to provident and other funds (refer Note 39)	41.01	31.25
Gratuity (refer Note 39)	10.38	11.22
Staff welfare expenses	45.34	39.07
Expense on ESOS (refer Note 49)	4.89	-
<b>Total</b>	<b>925.53</b>	<b>663.39</b>

## Note 31: Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on debts and borrowings	328.78	301.02
Interest others	27.90	68.65
<b>Total</b>	<b>356.68</b>	<b>369.67</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 32: Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment	462.96	477.74
Amortisation of intangible assets	18.41	9.82
<b>Total</b>	<b>481.37</b>	<b>487.56</b>

## Note 33: Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Transport & freight/carriage outward	976.19	769.55
Power and fuel*	314.97	496.56
Rent (refer Note 44)	158.58	156.11
Rates & taxes	125.41	70.52
Insurance	22.63	13.52
Repairs to Plant and machinery	46.12	65.51
Repairs to Building	17.77	9.88
Repairs to Others	11.37	29.42
Manufacturing expenses	365.29	306.03
Office Expense	37.58	31.68
Exchange fluctuation (net)	-	10.83
Security charges	19.30	16.79
Travelling & conveyance	82.22	61.56
Legal & professional fees (refer Note 43)	108.19	94.06
Director's remuneration	48.00	48.00
Auditor's remuneration #	4.20	4.31
Advertising and sales promotion	819.30	513.16
Advances written-off (PSI)	66.52	-
Bad debts [Adjusted with provision for bad debts ₹187.26 (March 31, 2018: Nil)]	187.26	-
Provision for doubtful debts (net)	274.89	160.00
Donations	0.62	1.11
CSR expenses [refer Note 48]	12.42	8.05
Fair valuation loss - investment	0.75	0.08
Miscellaneous expenses	296.24	157.71
<b>Total</b>	<b>3,995.82</b>	<b>3,024.44</b>

\*For FY 19, it includes only Power expenses while Fuel expenses have been clubbed into cost of goods sold. For FY 18, the expense includes both Power and Fuel.

## # Details of payments to auditors

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Payment to auditors</b>		
<b>As auditor:</b>		
Audit fee	4.18	4.18
Reimbursement of expenses	0.02	0.13
<b>Total</b>	<b>4.20</b>	<b>4.31</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 34: Income tax

(a) The major components of recognised deferred tax (liabilities)/assets arising on account of timing differences are as follows:  
For the year ended March 31, 2019

Particulars	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2019
<b>Deferred tax liabilities</b>				
Property, plant and equipment & Intangible assets	296.86	(26.31)	-	270.55
Others	14.49	(3.87)	-	10.62
<b>Sub-Total</b>	<b>311.35</b>	<b>(30.18)</b>	<b>-</b>	<b>281.17</b>
<b>Deferred tax assets</b>				
Expected credit loss on financial assets	278.58	104.78	-	383.36
Expenses allowed on payment basis	16.51	1.98	(0.54)	17.95
<b>Sub-Total</b>	<b>295.09</b>	<b>106.76</b>	<b>(0.54)</b>	<b>401.31</b>
<b>Minimum Alternate Tax (MAT) credit</b>				
Recognised	89.30	(32.75)	-	56.55
<b>Sub-Total</b>	<b>89.30</b>	<b>(32.75)</b>	<b>-</b>	<b>56.55</b>
<b>Net Deferred tax assets/(liabilities)</b>	<b>73.04</b>	<b>104.19</b>	<b>(0.54)</b>	<b>176.69</b>

### For the year ended March 31, 2018

Particulars	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2018
<b>Deferred tax liabilities</b>				
Property, plant and equipment & Intangible assets	210.86	86.00	-	296.86
Others	12.08	2.41	-	14.49
<b>Sub-Total</b>	<b>222.94</b>	<b>88.41</b>	<b>-</b>	<b>311.35</b>
<b>Deferred tax assets</b>				
Expected credit loss on financial assets	229.17	49.41	-	278.58
Expenses allowed on payment basis	14.14	0.77	1.60	16.51
<b>Sub-Total</b>	<b>243.31</b>	<b>50.18</b>	<b>1.60</b>	<b>295.09</b>
<b>Minimum Alternate Tax (MAT) credit</b>				
Recognised	63.26	26.04	-	89.30
<b>Sub-Total</b>	<b>63.26</b>	<b>26.04</b>	<b>-</b>	<b>89.30</b>
<b>Net Deferred tax assets/(liabilities)</b>	<b>83.63</b>	<b>(12.19)</b>	<b>1.60</b>	<b>73.04</b>

(b) Income tax expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Income tax expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	361.67	276.72
Adjustments for current tax of earlier periods	(20.56)	2.52
<b>Total</b>	<b>341.11</b>	<b>279.24</b>
<b>Deferred tax</b>		
Deferred tax charge/(credit)	(136.94)	38.23
MAT Credit entitlement	32.75	(26.04)
<b>Total</b>	<b>(104.19)</b>	<b>12.19</b>
<b>Income tax expense</b>	<b>236.92</b>	<b>291.43</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## (c) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before income tax expense	1,377.45	1,076.23
Indian statutory income tax rate	34.94%	34.61%
<b>Expected income tax expense</b>	<b>481.34</b>	<b>372.46</b>
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
Effect of non-deductible expenses	15.56	3.17
Effect of tax exempt income (exemption under section 80IB)	(208.57)	(110.38)
Effect of tax adjustment in respect of earlier years	(20.56)	2.52
Effect of deferred tax in respect of earlier years	(31.01)	-
Effect of tax rate change	0.16	-
Others	0.00	23.66
<b>Income tax expense</b>	<b>236.92</b>	<b>291.43</b>
<b>Effective tax rate</b>	<b>17.20%</b>	<b>27.08%</b>

## (d) Amounts recognised in Other comprehensive income

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Before tax	Tax exp. (benefit)	Net of tax	Before tax	Tax exp. (benefit)	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of the defined benefit plans	1.55	(0.54)	1.01	(4.63)	1.60	(3.03)

## Note 35: Fair value measurements

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

### B. Measurement of fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short-term loans from banks and other financial institutions approximate their carrying amounts largely due to short-term maturities of these instruments.

### C. Fair value hierarchy

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Financial Assets and Liabilities	Carrying value		Measurement	Fair value hierarchy		Fair Value	
	March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Financial Assets</b>							
Investments - mutual fund	4.28	4.92	Fair Value through Profit and Loss	Level 1	Level 1	4.28	4.92
Investments - Others	1.02	0.13	Fair Value through Profit and Loss	Level 3	Level 3	1.02	0.13
Other Financial Assets (non-current)	129.87	95.47	Amortised cost	Level 3	Level 3	129.87	95.47
Trade receivable	2,716.74	2,458.71	Amortised cost	Level 3	Level 3	2,716.74	2,458.71
Cash and Cash Equivalents	67.69	299.83	Amortised cost	Level 3	Level 3	67.69	299.83
Other Bank Balance	46.83	185.90	Amortised cost	Level 3	Level 3	46.83	185.90
<b>Total</b>	<b>2,966.43</b>	<b>3,044.97</b>				<b>2,966.43</b>	<b>3,044.97</b>
<b>Financial Liabilities</b>							
Borrowings - non-current	646.21	635.15	Amortised cost	Level 3	Level 3	646.21	635.15
Borrowings - current	1,443.82	2,001.48	Amortised cost	Level 3	Level 3	1,443.82	2,001.48
Trade Payables	2,862.39	2,912.56	Amortised cost	Level 3	Level 3	2,862.39	2,912.56
Other Financial Liabilities	692.52	715.18	Amortised cost	Level 3	Level 3	692.52	715.18
<b>Total</b>	<b>5,644.94</b>	<b>6,264.37</b>				<b>5,644.94</b>	<b>6,264.37</b>

## Note 36: Financial risk management

### Risk management framework

The Company has in place a mechanism to inform the Board about the risk assessment and minimisation procedures and periodical review to ensure that management controls risk through means of a properly defined framework. The Company has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Company.

The Company's audit committee also oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

This Note explains the sources of risk to which the Company is exposed to and how the entity manages the risk.

### (A) Credit risk

#### Trade and other receivables

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customers. Outstanding customers are regularly monitored.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	March 31, 2019	March 31, 2018
Outstanding for a period not exceeding one months	2,482.29	1,844.87
Outstanding for a period exceeding one months	1,287.40	1,418.80
<b>Gross trade receivables</b>	<b>3,769.69</b>	<b>3,263.67</b>
Less: Provision for doubtful debts	(1,052.95)	(804.96)
<b>Net trade receivables</b>	<b>2,716.74</b>	<b>2,458.71</b>



## Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

On account of adoption of IndAS 109, the Company uses expected credit loss model to assess the impairment loss. The Company computes the expected credit loss allowance as per simplified approach for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer and the Company's historical experience for customers. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is based on the ageing of the receivable days and the rates as given in the provision matrix.

The movement in the loss allowance in respect of trade receivables is as follows

Loss allowance on trade receivables	Amount in ₹ (million)
Balance as at April 1, 2017	644.96
Add: Provision during the year	160.00
<b>Balance as at March 31, 2018</b>	<b>804.96</b>
Add: Provision during the year (net)	247.99
<b>Balance as at March 31, 2019</b>	<b>1,052.95</b>

### (B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft/cash credit facility. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities. The Company has access to a sufficient sources of short-term funding with existing lenders that could be arranged upon should there be need.

### (i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Contractual maturities of financial liabilities March 31, 2019	Carrying value	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings - non-current	646.21	-	294.49	417.52	712.01
Borrowings - current	1,443.82	1,443.82	-	-	1,443.82
Trade payables	2,862.39	2,862.39	-	-	2,862.39
Other financial liabilities	692.52	692.52	-	-	692.52
<b>Total non-derivative liabilities</b>	<b>5,644.94</b>	<b>4,998.73</b>	<b>294.49</b>	<b>417.52</b>	<b>5,710.74</b>

Contractual maturities of financial liabilities March 31, 2018	Carrying value	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings - non-current	635.15	-	231.44	462.82	694.26
Borrowings - current	2,001.48	2,001.48	-	-	2,001.48
Trade payables	2,912.56	2,912.56	-	-	2,912.56
Other financial liabilities	715.18	715.18	-	-	715.18
<b>Total non-derivative liabilities</b>	<b>6,264.37</b>	<b>5,629.22</b>	<b>231.44</b>	<b>462.82</b>	<b>6,323.48</b>

### (C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## (i) Foreign currency risk

The Company is subject to risk of changes in foreign currency values that impact costs of imported raw material and import of equipment for expansion of plants, primarily with respect to USD and EURO. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations.

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2019, March 31, 2018.

## (a) The Company unhedged exposure to foreign currency risk at the end of the reporting period are as follows:

Sr. No.	Particulars	Currency	March 31, 2019		March 31, 2018	
			Amount		INR	Foreign currency
<b>A</b>	<b>Financial assets</b>					
(i)	Trade receivables	USD	16.11	0.23	74.36	1.15
<b>B</b>	<b>Financial liabilities</b>					
(i)	Foreign currency loan					
	Bank loan	USD	498.31	7.20	628.76	9.67
	Interest Payable	USD	10.22	0.15	12.69	0.20
(ii)	Trade payables	USD	0.07	0.01	0.47	0.01
		EURO	10.77	0.14	19.82	0.25
		AUD	0.16	0.01	4.62	0.09
		CHF	-	-	0.38	0.01
<b>C</b>	<b>Other current liabilities</b>					
(i)	Advances from customers	USD	1.35	0.02	-	-
<b>D</b>	<b>Other non-current assets</b>					
(i)	Capital advances	EUR	48.20	0.60	-	-
<b>E</b>	<b>Other current assets</b>					
(i)	Advances & other recoverables	EUR	0.13	0.01	-	-
		CHF	0.48	0.01	-	-

## (b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
<b>Mar-19</b>				
Effect in INR				
1% movement				
USD	4.94	(4.94)	4.94	(4.94)
EUR	(0.38)	0.38	(0.38)	0.38
AUD	0.00	(0.00)	0.00	(0.00)
CHF	(0.00)	0.00	(0.00)	0.00
<b>Mar-18</b>				
Effect in INR				
1% movement				
USD	5.68	(5.68)	5.68	(5.68)
EUR	0.20	(0.20)	0.20	(0.20)
AUD	0.05	(0.05)	0.05	(0.05)

## (i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company's borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2019	March 31, 2018
Variable rate borrowings	2,345.03	2,901.36
Fixed rate borrowings	4.04	10.17
<b>Total borrowings</b>	<b>2,349.07</b>	<b>2,911.53</b>

(b) Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Impact on profit/(loss) - Increase/ (Decrease) in profit	
	March 31, 2019	March 31, 2018
Interest rates - increase by 100 basis points*	(23.45)	(29.01)
Interest rates - decrease by 100 basis points*	23.45	29.01

\* Holding all other variables constant

## Note 37: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long-term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust its dividend payment (refer Note 16) ratio to shareholders, return capital to shareholders or issue fresh shares.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Company's adjusted net debt to equity ratio are as follows.

Particulars	March 31, 2019	March 31, 2018
<b>Borrowings</b>		
Long-term and Short-term borrowings	2,090.03	2,636.63
Current maturities of Long-term borrowings	259.04	274.90
Less: Cash and cash equivalents	(67.69)	(299.83)
<b>Adjusted net debt</b>	<b>2,281.38</b>	<b>2,611.70</b>
<b>Total Equity</b>	<b>8,251.02</b>	<b>7,167.90</b>
<b>Adjusted net debt to equity ratio</b>	<b>0.28</b>	<b>0.36</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 38:

### IND AS - 115

Effective April 1, 2018, the Company has adopted Ind AS 115: "Revenue from Contracts with Customers" that has become mandatorily applicable for reporting periods beginning on or after April 1, 2018 replacing the existing revenue recognition standard. The new standard establishes principles for reporting information about the nature, timing and uncertainty of revenue and also the cash flows arising from contract with customers.

As per the new Standard, the Company has classified its Revenue as: Sale of products and services: Revenue is recognised when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and/or services to the customer. This transfer of control is generally at a point of time of shipment to or receipt of products by the customer or when the services are performed. The amount of revenue to be recognised is based on the consideration the Company expects to receive in exchange for its goods/services. If the contract contains more than one obligation, the consideration is allocated based on the standalone selling price of each performance obligation.

Rebates, discounts, commissions and bonuses (including cash discounts offered to customers for prompt payment) are provisioned and recorded as deduction from revenue at the time the related revenue is recorded. These rebates are calculated based on the historical experience and the specific terms in individual agreements. Shelf stock adjustments which primarily cover the inventory held at the time the price decline becomes effective are recorded when the decline becomes effective. Sales returns are recognised and recorded as deductions based on historical experience of customer returns. and such other relevant factors.

### IND AS 116

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company continues to evaluate the impact of the New Lease Standard on the lease arrangements and shall determine the appropriate transition option once the said evaluation is completed.

## Note 39:

### A. Defined Benefit Plan – Gratuity

The Company operates a defined benefit gratuity plan, which is governed by the Payment of Gratuity Act, 1972. The plan entitles an employee who has completed at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the last drawn wage by the employee concerned.

The defined benefit gratuity plan is administered by a Trust that is legally separate from the Company. The gratuity plan is a funded plan, managed by Life Insurance Company ("LIC") and the Company's makes annual contributions to Group Gratuity cum Life Assurance Scheme managed by LIC.

The most recent actuarial valuation of the defined benefit obligation was carried out as at March 31, 2019. The present value of the defined benefit obligations and the related current service cost and past service costs were measured using Projected Unit Credit Method.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based in government bonds. If bond yield fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Based on the actuarial valuation obtained in respect of gratuity, the table below sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the balance sheet date.

Particulars	March 31, 2019	March 31, 2018
<b>I Expenses recognised in statement of profit and loss during the year:</b>		
Current Service Cost	8.33	7.64
Past Service Cost	-	2.37
Expected return on plan assets	(1.29)	(1.17)
Interest cost on benefit obligation	3.34	2.38
<b>Total Expenses</b>	<b>10.38</b>	<b>11.22</b>
<b>II Expenses recognised in OCI</b>		
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	0.80	(1.20)
Actuarial (Gain)/ Losses due to Experience on DBO	(2.66)	6.27
Return on Plan Assets (Greater) / Less than Discount rate	0.31	(0.44)
<b>Total Expenses</b>	<b>(1.55)</b>	<b>4.63</b>
<b>III Net Asset / (Liability) recognised as at balance sheet date:</b>		
Present value of defined benefit obligation	(56.90)	(49.68)
Fair Value of Plan Assets	20.04	17.36
<b>Funded status [Surplus/(Deficit)]</b>	<b>(36.86)</b>	<b>(32.32)</b>
<b>IV Movements in present value of defined benefit obligation</b>		
Present value of defined benefit obligation at the beginning of the year	49.68	34.34
Current Service Cost	8.33	7.64
Past service cost	-	2.37
Interest Cost	3.34	2.38
Actuarial (Gain)/Loss	(1.86)	5.07
Benefits paid	(2.59)	(2.12)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>56.90</b>	<b>49.68</b>
<b>V Movements in fair value of the plan assets</b>		
Opening fair value of plan assets	17.36	16.87
Expected returns on Plan Assets	1.29	1.17
Actuarial (Gain)/Loss on Plan assets	(0.31)	0.44
Contribution from Employer	3.99	1.00
Benefits paid	(2.31)	(2.12)
<b>Closing fair value of the plan asset</b>	<b>20.02</b>	<b>17.36</b>
<b>VI Maturity profile of defined benefit obligation</b>		
Within the next 12 months (next annual reporting period)	11.28	9.83
Between 1 to 5 years	29.63	26.19
Between 6 to 10 years	23.31	20.92
<b>VII Quantitative sensitivity analysis for significant assumptions is as below:</b>		
<b>1 Increase/(decrease) on present value of defined benefit obligation at the end of the year</b>		
(i) +100 basis points increase in discount rate	(4.53%)	(4.52%)
(ii) -100 basis points decrease in discount rate	5.00%	4.96%
(iii) +100 basis points increase in rate of salary increase	4.94%	4.91%
(iv) -100 basis points decrease in rate of salary increase	(4.59%)	(4.59%)
<b>2 Sensitivity analysis method</b>		

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

VIII Actuarial Assumptions:	As at	As at
	March 31, 2019	March 31, 2018
Discount rate	7.15%	7.45%
Expected return on assets	7.15%	7.45%
Expected rate of salary increase	6.00% p.a.	6.00% p.a.
Withdrawal rate	14.00%	14.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

- a) The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.
- b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- c) The gratuity fund is managed by life insurance company, details of fund invested by insurer are not available with company.
- d) The Company expects to make a contribution of ₹ 11.28 million to the defined benefit plans (gratuity - funded) during the next financial year.
- e) The average duration of the defined benefit plan obligation at the end of the reporting period is 6.62 years.

## B. Defined contribution plan- Provident Fund/Employee State Insurance

The Company has recognised an amount of ₹ 41.01 million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Benefit/Contribution to	As at	As at
	March 31, 2019	March 31, 2018
Provident Fund	34.25	26.91
National Pension Scheme	0.79	0.97
Employees State Insurance	5.95	3.34
Labour Welfare Fund	0.02	0.03
<b>Total</b>	<b>41.01</b>	<b>31.25</b>

## C. Annual leave and sick leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended March 31, 2019 based on actuarial valuation carried out by using Projected Unit Credit method resulted in increase in liability by ₹ 0.66 million. (Previous Year - increased by ₹ 3.17 million)

Financial Assumptions	As at	As at
	March 31, 2019	March 31, 2018
Discount Rate	7.15%	7.45%
Basic salary increases allowing for Price inflation	6.00%	6.00%

Demographic Assumptions	As at March 31, 2019	As at March 31, 2018
	Mortality	IALM (2006-08) Ultimate
Employee Turnover	14.00%	14.00%
Leave Availment Ratio	15% for two years	0.00%

## Note 40: Government grants

In accordance with Ind AS 20 - "Accounting for Government Grants and disclosure of Government assistance", Company has accounted for Industrial Promotion Subsidy under Package Scheme of Incentives, 2013 amounting to ₹ 209.86 million (March 31, 2018: ₹ 184.83 million) as Other Operating Income in Statement of Profit and Loss.

Company has also accounted for Milk subsidy amounting to ₹ 182.09 million (March 31, 2018: Nil) and export subsidy amounting to ₹ 182.09 million (March 31, 2018: ₹ 19.10 million) as Other Operating Income in Statement of Profit and Loss. The Company has also made duty free imports resulting in customs duty saving amounting to ₹ Nil (March 31, 2018: ₹ 17.07 million), under Advance Licence Scheme. There is an export commitment, as disclosed under Note 41 e.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 41: Contingent liabilities

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
a)	Guarantees given by banks on behalf of the Company	1.50	5.62
b)	Sales tax matter under litigation in respect of Company for FY 2006-07, FY 2009-10, FY 2010-11 and FY 2014-15 for pending forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	72.88	76.32
c)	Claim against the Company not acknowledge as debt in relation to claim made by France International Trade, Rennes, vide Special Civil Suit No. 692/2012 dated March 7, 2012 in the Court of Honourable Civil Judge, Senior Division, Pune for damaged goods supplied by the Company. The amount includes interest of ₹ 20.37 million	70.68	70.68
d)	Income tax matter under litigation for the AY 2012-13 to AY 2016-17	71.49	282.12
e)	Duty Liability under advance licence scheme	-	12.91

- i. The Company is involved in other disputes, lawsuits, claims, inquiries and proceedings including commercial matters that arise from time to time in the ordinary course of business. The Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.
- ii. The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any, for ongoing issues where no claims have been made against the Company.
- iii. Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

## Note 42: Commitments

### (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period (net of capital advance March 31, 2019: ₹ 173.11million and March 31, 2018: ₹ 119.69 million) amounting ₹ 72.79 million (March 31, 2018: ₹ 146.64 million) but not recognised as liabilities.

### (b) Other commitments

For commitments in respect of non-cancellable lease refer Note 44.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 43: Related party disclosures

### Details of related parties:

Description of relationship	Name of the related party
<b>A. Enterprise where company exercise control</b>	
Subsidiary	Bhagalaxmi Dairy Farms Private Limited
<b>B. Other related parties</b>	
Key Management Personnel (KMP)	Mr. Devendra Shah – Chairman
	Mr. Pritam Shah – Director
	Mr. Vimal Agarwal - CFO (w.e.f. December 21, 2017)
	Mr. Bharat Kedia - CFO (till July 11 2017)
	Mr. Nitin R. Dhavalikar - Director
	Mr. Radhika Pereira - Director
	Mr. Narendra Ambwani - Director
	Mr. Ramesh Chandak - Director
	Mr. B. M. Vyas - Director
	Mr. Sunil Goyal - Director
Relative of Key Management Personnel	Late Mr. Parag Shah
	Mr. Prakash Shah
	Miss Akshali Shah
	Mr. Poojan Shah
	Mrs. Priti Shah
	Mrs. Netra Shah
	Mrs. Prity Kedia (till July 11, 2017)
Entity in which KMP can exercise significant influence	Bharat Trading Company SBM Advisors LLP

### Details of related party transactions for the year ended on March 31, 2019:

Particulars	March 31, 2019	March 31, 2018
<b>Purchase of goods</b>		
Bhagalaxmi Dairy Farms Private Limited	128.82	364.78
Bharat Trading Company	10.20	13.53
<b>Sale of goods</b>		
Bhagalaxmi Dairy Farms Private Limited	31.10	11.44
<b>Remuneration to key management personnel and their relatives *</b>		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Vimal Agarwal	11.99	2.76
Bharat kedia	-	6.34
Akshali Shah	3.28	2.66
Poojan Shah	0.33	-
<b>Rent Payment</b>		
Bhagalaxmi Dairy Farms Private Limited	6.60	6.60
Devendra Shah	3.39	3.39
Pritam Shah	0.45	0.45
Priti Shah	0.39	0.39
Netra Shah	0.39	0.39
<b>Interest expense</b>		
Devendra Shah	-	1.43
Pritam Shah	-	7.08
<b>Reimbursement of expenses KMP</b>		
Devendra Shah	0.90	2.02
Pritam Shah	-	0.48
<b>Director sitting fees</b>		
Nitin R. Dhavalikar	1.10	1.10
Radhika Pereira	0.60	0.80
Narendra Ambwani	0.70	1.00
Ramesh Chandak	0.50	0.90



# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
<b>Consultancy fee including out of pocket expenses</b>		
B.M. Vyas	8.40	9.80
SBM Advisors LLP	2.61	2.83
<b>Conversion income</b>		
Bhagalaxmi Dairy Farms Private Limited	2.60	22.06
<b>Advances received/(paid) (net)</b>		
Bhagalaxmi Dairy Farms Private Limited	(210.21)	206.99
<b>Repayment of non-convertible debenture</b>		
Devendra Shah	-	30.00
Pritam Shah	-	150.00
<b>Loan taken from</b>		
Devendra Shah	-	30.00
Pritam Shah	18.50	150.00
<b>Loan repaid to</b>		
Devendra Shah	-	30.00
Pritam Shah	18.50	150.00
<b>Corporate guarantee released</b>		
	-	300.00

\* The remuneration to the key managerial personnel and their relatives (if any) comprises of only short-term benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

## Details of balances outstanding at the year end

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Amount payable to</b>		
Devendra Shah	1.59	1.90
Pritam Shah	1.34	8.22
Vimal Agarwal	0.82	-
Bharat Trading Company	1.19	3.55
B.M. Vyas	0.75	-
Akshali Shah	0.29	-
Poojan Shah	0.05	-
Netra Shah	0.77	-
Priti Shah	0.26	-
SBM Advisors LLP	0.24	-
<b>Personal guarantee issued by</b>		
Devendra Shah, Pritam Shah, Parag Shah, Prakash Shah, Netra Shah and Priti Shah	4,813.00	5,215.86
<b>Receivable/(payable)</b>		
Bhagalaxmi Dairy Farms Private Limited	47.60	(162.62)

## Note 44: Operating leases

The Company has entered into commercial leases for taking office spaces on lease. These leases have an average term of three to five years with renewal option and escalation clauses included in the agreements. There are no restrictions placed upon the Company by entering into these leases. The Company has not given any sub lease during the year. Some of the lease arrangements also include a non-cancellable period. Lease rental debited to Statement of Profit and Loss for the period is ₹ 158.58 million (March 31, 2018: ₹ 156.11 million).

Disclosure for minimum lease rental payable under non-cancellable lease agreements are below:

Particulars	Year Ended March 31, 2019	Year Ended 31st, March 2018
Lease rentals due		
Not later than one year	14.02	11.39
Later than one year and not later than five years	4.90	3.88
Later than five years	-	-

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 45: Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Particulars	2018-19	2017-18
a) Principal amount due to suppliers under MSMED Act, 2006	19.00	17.92
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	0.48	0.99
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	72.26	43.43
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	3.17	0.99
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	4.64	0.99

Note: The above information is given to the extent available with the Company and relied upon by the auditor.

## Note 46: Earnings per share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit/(Loss) attributable to Equity shareholders (₹ in million) (A)	1,140.53	784.80
Weighted average number of Equity shares for basic EPS (B)	8,39,18,463	8,38,87,582
Effect of Dilution:		
Weighted average number of Treasury shares held through ESOP Trust	1,76,015	2,27,000
Weighted average number of Equity shares adjusted for the effect of dilution (C)	8,40,94,478	8,41,14,582
Basic EPS (Amount in ₹) (A/B)	13.59	9.36
Diluted EPS (Amount in ₹) (A/C)	13.56	9.33

**Basic:** Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares held as treasury shares.

**Diluted:** Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.

## Note 47: Segment reporting

The Managing Director of the Company acts as the chief operating decision maker (CODM) of the Company in accordance with Operating Segment (AS 108), for purpose of assessing the financial performance and position of the Company, and make strategic decisions. The Company's business activities are mainly related to processing of milk and manufacturing of milk related products, which are primarily assessed as a single reportable operating segment in accordance with Ind AS 108 by the CODM.

The information based on geographical areas in relation to revenue and non-current assets are as below:

### (a) Revenue from operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Within India	22,715.49	18,584.75
Outside India	745.82	596.43
<b>Total</b>	<b>23,461.31</b>	<b>19,181.18</b>

### (b) Non-current operating assets

All non-current assets other than financial instruments, deferred tax assets of the Company are located in India.

### (c) The Company does not have revenues from transactions with a single external customer amount to 10 per cent or more of the total revenues.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 48: Disclosure on CSR expense

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
a) Gross amount required to be spent by the Company during the period	12.42	7.69
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above		
In Cash	12.42	8.05
Yet To be Paid in Cash	-	-

## Note 49: Employee stock option scheme:

The Board of Directors constituted the equity settled Employee Stock Option Scheme ("ESOS 2015") vide its resolutions dated February 27, 2015 and April 21, 2015 for issue of 6,96,339 stock options to the key employees of the Company, which has been further approved in the Company's Extra ordinary General meeting dated April 3, 2015 and May 16, 2015.

Pursuant to the above scheme, the Board of Directors vide its circular resolution dated September 3, 2015, approved grant of 227,000 stock options to its employees on September 4, 2015.

The Company has in its Board Meeting dated November 1, 2018 approved the grant of 166,015 options to the eligible employees of the Company at a fair market value of ₹ 258.90 (Two Hundred Fifty Eight Rupees and Ninety Paise) per option (based on the closing market price of ₹ 258.90 of the Company's shares on NSE as on October 31, 2018) under the Parag Milk Foods Limited - Employee Stock Option Scheme, 2018 - "ESOS 2018" (erstwhile ESOS 2015 under the ESOS Scheme 2015, renamed as ESOS Scheme 2018, besides renaming of the scheme to ESOS 2018, the other terms and conditions will remain the same as stated in ESOS 2015.) The Board of Directors approved fresh grant of ESOS options 1,66,015 at a fair market value of ₹ 258.90 per option under Parag Milk Foods Limited - Employee Stock Option Scheme - 2018 "ESOS 2018" (erstwhile ESOS-2015 under the SSOS scheme 201, renamed as ESOS scheme 2018, besides remaining of the scheme to ESOS 2018 the other terms and conditions will remain the same as stated in ESOS 2015.

According to ESOS 2018, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 years. The other relevant terms of the grant are as below. The fair valuation of the option have been computed as per the black scholes pricing model.

Vesting Period	1 year
Exercise Period	2 Years
Expected Life	2 Years
Exercise Price	₹ 258.90
Fair value using Black Scholes model on grant date	₹ 71.14
Date of grant	01-Nov-18

The details of activity under ESOS 2015 are summarised below:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	1,26,927	250.00	1,26,927	250.00
Granted during the year	1,66,015	258.90	-	-
Forfeited/lapsed during the year	75,942	250.00	-	-
Exercised during the year	50,985	250.00	-	-
Exercisable/ Vested during the year	-	-	-	-
Outstanding at the end of the year:	1,66,015	258.90	1,26,927	250.00
of which Options vested and exercisable at the end of the year	-	-	1,26,927	250.00

## Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Dividend yield (%)		
Expected volatility	34.95%	41.71%
Risk-free interest rate	7.40%	7.54%
Weighted average share price	258.90	250
Exercise price (₹)	258.90	250
Expected life of options granted in years	2	3
Life of option remaining in months	19	5

The expected option life is assumed to be approximately half way between the option vesting period and contractual term of the option. Since the vesting period and contractual term is different, the expected life of the option will be different. The expected option life is calculated as Year to Vesting + (Contractual Option Term) / 2. Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the option.

### Expenses Arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Employee option Plans	4.89	-

### Note 50: Statement of IPO proceeds

Particulars	Amount as per prospectus	Amount to be utilised
Gross proceeds of the fresh issue	3,000.00	3,000.00
Less: Fresh issue expenses	212.00	159.83
Net proceeds of the fresh issue	2,788.00	2,840.17

Particulars	Amount utilised up March 31, 2019	Pending utilisation	Amount utilised up March 31, 2018	Pending utilisation
Expansion and modernisation of Plant	1,477.01	-	1,153.27	323.74
Investment in subsidiary for financing the capital expenditure requirements in relation to expansion and modernisation of Bhagyalaxmi Dairy Farms	22.99	-	10.45	12.54
Partial repayment of working capital consortium loan	1,000.00	-	1,000.00	-
General corporate purposes	340.17	-	340.17	-
<b>Total</b>	<b>2,840.17</b>	<b>-</b>	<b>2,503.89</b>	<b>336.28</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 51:

The Company has acquired the Danone Foods and Beverages India Pvt. Ltd.'s manufacturing facility of Curd, Yogurt and other related products at Rai, Sonipat, Haryana near Delhi through agreement to sell dated April 18, 2018 for ₹ 141 million. The commercial operation of the plant began from August 23, 2018.

## Note 52:

Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year classification / disclosure.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**  
Partner  
Membership No. 048539

Place: Mumbai  
Date: May 11, 2019

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Vimal Agarwal**  
Chief Financial Officer

Place: Mumbai  
Date: May 11, 2019

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Rachana Sanganeria**  
Company Secretary & Compliance Officer

# Independent Auditor's Report

## To the Members of Parag Milk Foods Limited

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Parag Milk Foods Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated Ind AS financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS"), of the consolidated state of affairs of the Group as at March 31, 2019, their consolidated profit (including other comprehensive income), consolidated changes in equity and their consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How was the matter addressed in our audit
<p><b>Valuation of Trade Receivables</b></p> <p>(Refer to Note 3(iv) 'Accounting policy on trade receivables', Note 12 'Trade receivables' and Note 38 'Financial Risk Management - Credit Risk' to the Consolidated Ind AS financial statements)</p> <p>As at March 31, 2019, the trade receivables balance excluding provisions included in Note 12 was ₹ 2,786.49 million.</p> <p>We have identified valuation of trade receivables as a key audit matter on account of the significant management judgement involved with respect to the recoverability of trade receivables and the provisions for impairment of receivables, and the importance of cash collection with reference to the working capital management of the business.</p>	<p><b>Our audit procedures included:</b></p> <p>(a) Understanding the trade receivables process with regards to valuation and evaluation of controls designed and implemented by the management.</p> <p>(b) Assessment of the appropriateness of the Company's credit risk policy and obtaining an understanding on management of credit risk.</p> <p>(c) Control testing:                     <ul style="list-style-type: none"> <li>Obtaining an understanding on credit approvals, establishing credit limits and continuous monitoring of creditworthiness of customers to which the Company grants the credit in normal course of business.</li> <li>Obtaining understanding on how the Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables.</li> </ul> </p> <p>(d) Tests of details:                     <ul style="list-style-type: none"> <li>We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements;</li> </ul> </p>

## Independent Auditor's Report continued

Key Audit Matter	How was the matter addressed in our audit
Valuation of Trade Receivables	<p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>We have verified the underlying supporting documents like acceptance of Invoices along with various correspondence carried out by the Management of the Company with trade receivables for realisation of money;</li> <li>We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables;</li> <li>We have verified the appropriateness of judgements regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Company's provisioning policies.</li> <li>We have conducted discussion with Management as to the recoverability of the old outstanding and corroborating Management's explanations with underlying documentation and correspondence with the customers.</li> </ul>

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and those charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

## Independent Auditor's Report continued

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary, which is company incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

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 Ind AS financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary, which is incorporated in India, as on March 31, 2019 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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 with reference to financial statements of the



## Independent Auditor's Report continued

Holding Company and its subsidiary company, incorporated in India and the operating effectiveness of such controls, we give our separate report in the "Annexure";

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act;

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 41 to the consolidated Ind AS financial statements;

- (ii) Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 19 to the consolidated Ind AS financial statements;

- (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 **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**

Partner

Membership No. 048539

Place: Mumbai

Dated: May 11, 2019

## Annexure to the Independent Auditor's Report

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Parag Milk Foods Limited on the consolidated Ind AS financial statements for the year ended March 31, 2019]

### Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Parag Milk Foods Limited ("Company" or "Holding Company") as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which is company incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of Holding Company and its subsidiary company, which is company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not

## Annexure to the Independent Auditor's Report continued

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Parag Milk Foods Limited on the consolidated Ind AS financial statements for the year ended March 31, 2019]

be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which is company incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control

with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**

Partner

Membership No. 048539

Place: Mumbai

Dated: May 11, 2019

# Consolidated Balance Sheet

as at March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	4,023.38	3,922.66
Capital work-in-progress		290.26	203.99
Other intangible assets	5	34.46	47.46
Biological Assets other than bearer plants	6	337.62	290.87
<b>Financial assets</b>			
Investments	7	5.30	5.05
Loans	8	3.51	3.50
Other financial assets	9	129.98	95.57
Deferred tax assets (Net)	36	166.70	75.22
Other non-current assets	10	219.22	119.69
<b>Total</b>		<b>5,210.43</b>	<b>4,764.01</b>
<b>Current assets</b>			
Inventories	11	4,628.79	4,379.34
<b>Financial assets</b>			
Trade receivables	12	2,786.49	2,517.20
Cash and cash equivalents	13	73.46	310.01
Other bank balances	14	46.93	186.00
Other current assets	15	1,674.26	1,658.71
<b>Total</b>		<b>9,209.93</b>	<b>9,051.26</b>
<b>Total assets</b>		<b>14,420.36</b>	<b>13,815.27</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	16	839.39	838.88
Other equity	17	7,431.98	6,282.75
<b>Total</b>		<b>8,271.37</b>	<b>7,121.63</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	18	646.21	635.15
Provisions	19	44.49	45.78
Other non-current liabilities	20	-	58.20
<b>Total</b>		<b>690.70</b>	<b>739.13</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	1,497.46	2,001.48
Trade payables	22		
Payable to Micro and Small Enterprises		23.63	18.91
Payable to others		2,947.33	3,013.64
Other financial liabilities	23	725.66	742.50
Other current liabilities	24	75.66	113.02
Provisions	25	10.20	3.44
Current Tax liabilities (Net)	26	178.35	61.52
<b>Total</b>		<b>5,458.29</b>	<b>5,954.51</b>
<b>Total liabilities</b>		<b>6,148.99</b>	<b>6,693.64</b>
<b>Total equity and liabilities</b>		<b>14,420.36</b>	<b>13,815.27</b>

Significant accounting policies

3

The accompanying notes form an integral part of these Consolidated Financial Statements.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

For and on behalf of the Board of Directors

**Snehal Shah**  
Partner  
Membership No. 048539

**Devendra Shah**  
Chairman  
DIN: 01127319

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Vimal Agarwal**  
Chief Financial Officer

**Rachana Sangneria**  
Company Secretary & Compliance Officer

Place: Mumbai  
Date: May 11, 2019

Place: Mumbai  
Date: May 11, 2019

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
<b>Revenue</b>			
Revenue from operations	27	23,956.64	19,545.06
Other income	28	102.63	119.98
<b>Total</b>		<b>24,059.27</b>	<b>19,665.04</b>
<b>Expenses</b>			
Cost of materials consumed	29	15,210.70	13,042.24
Purchases of stock-in-trade	30	1,482.79	688.18
Changes in inventories of work-in-progress and finished goods	31	(119.87)	(51.53)
Employee benefit expense	32	949.94	735.19
Finance costs	33	357.88	357.33
Depreciation and amortisation expense	34	501.85	505.95
Other expenses	35	4,198.12	3,198.10
<b>Total</b>		<b>22,581.41</b>	<b>18,475.46</b>
<b>Profit before exceptional items and tax</b>		<b>1,477.86</b>	<b>1,189.58</b>
Exceptional items		-	-
<b>Profit/(Loss) before tax</b>		<b>1,477.86</b>	<b>1,189.58</b>
<b>Tax expense</b>	36		
Current tax		383.23	298.21
Deferred tax		(92.00)	18.29
Tax adjustment in respect of earlier periods		(20.56)	2.52
<b>Profit/(Loss) after tax</b>		<b>1,207.19</b>	<b>870.56</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		1.49	(4.66)
Income Tax effect		(0.52)	1.61
<b>Other comprehensive income for the year, net of tax</b>		<b>0.97</b>	<b>(3.05)</b>
<b>Total comprehensive income for the year</b>		<b>1,208.16</b>	<b>867.51</b>
<b>Earnings per equity share of face value of ₹ 10/- each:</b>			
Basic earnings per share (in ₹)	46	14.39	10.38
Diluted earnings per share (in ₹)	46	14.36	10.35
Significant accounting policies	3		

The accompanying notes form an integral part of these Consolidated Financial Statements.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**  
Partner  
Membership No. 048539

Place: Mumbai  
Date: May 11, 2019

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Vimal Agarwal**  
Chief Financial Officer

Place: Mumbai  
Date: May 11, 2019

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Rachana Sangneria**  
Company Secretary & Compliance Officer

# Consolidated Statement of Cash Flows

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. Cash Flow from operating activities</b>		
<b>Net Profit before taxation</b>	1,477.86	1,189.58
<b>Add:</b>		
Depreciation/amortisation	501.85	505.95
Provision for doubtful debts	278.03	160.00
Advances written-off (PSI)	66.52	-
Unrealised forex (gain)/loss	(1.85)	10.83
Fair valuation loss - investment	0.75	0.08
Fair value changes of borrowing	6.11	0.41
ESOP expense	4.89	-
Finance cost	357.88	357.33
Bad debts	187.26	14.82
Loss on sale or death of livestock	11.11	32.56
<b>Less:</b>		
Fair value change of livestock	(61.83)	(80.00)
Profit on sale of Property, Plant and Equipment (net)	(0.25)	-
Reversal of provision for doubtful debts	-	(4.82)
Interest income	(20.46)	(37.41)
<b>Operating profit before working capital changes</b>	<b>2,807.87</b>	<b>2,149.33</b>
<b>Adjustments for:</b>		
(Increase)/decrease in inventories	(249.45)	(94.16)
(Increase)/decrease in trade receivables	(704.69)	(937.00)
(Increase)/decrease in non-current and current financial assets	(24.77)	20.72
(Increase)/decrease other non-current and current assets	(109.17)	(393.83)
Increase/(decrease) in non-current and current financial liabilities	106.22	75.54
Increase/(decrease) in other non-current and current liabilities	(94.56)	(434.06)
Increase/(decrease) in trade payables	(62.54)	(86.15)
Increase/(decrease) in provisions	6.44	15.24
<b>Cash generated from operations</b>	<b>1,674.35</b>	<b>315.63</b>
Direct taxes paid (net of refunds)	(272.57)	(129.06)
<b>Net cash flow from operating activities</b>	<b>1,401.78</b>	<b>186.57</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment	(849.25)	(628.78)
Purchase of intangible assets	(5.68)	(10.44)
Sale of livestock	3.97	8.50
Sale of property, plant and equipment	0.65	2.40
Investment in fixed deposits	129.38	424.45
Investment in mutual funds	(1.00)	(5.07)
Interest received	20.51	44.47
<b>Net cash used in investing activities</b>	<b>(701.42)</b>	<b>(164.47)</b>

# Consolidated Statement of Cash Flows

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from long-term borrowings	236.64	210.00
Proceeds from issue of shares (net of issue expenses)	12.74	-
Proceeds/(repayment) short-term borrowings (net)	(504.02)	560.60
Repayment of long-term borrowings	(277.46)	(483.99)
Payment of dividend including dividend distribution tax	(76.05)	(50.62)
Interest paid	(328.76)	(359.27)
<b>Net cash flow from/(used in) financing activities</b>	<b>(936.91)</b>	<b>(123.28)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(236.55)</b>	<b>(101.18)</b>
<b>Cash and cash equivalents at the beginning of the year [Refer Note 13]</b>	<b>310.01</b>	<b>411.19</b>
<b>Cash and cash equivalents at the end of the year [Refer Note 13]</b>	<b>73.46</b>	<b>310.01</b>

## Explanatory notes to Statements of Cash Flows

In part A of Statement of Cash Flows, amounts in bracket indicate deductions made from net profit for deriving net cash flow from operating activities and in part B & C amounts in bracket indicate outflows.

The above Statement of Cash Flows has been prepared under the Indirect-Method as set out in Ind AS 7- Statement of Cash Flows.

Non-cash movement in borrowings include addition/deletion on account of unrealised foreign exchange loss/(gain) of ₹ 29.91 million (March 31, 2018: ₹ 1.99 million) in respect of Foreign Currency Loan.

The net profit/loss arising due to conversion of current assets/current liabilities, receivable/payable in foreign currency is furnished under the head "Unrealised forex exchange (gain)/loss".

Particulars	Opening Balance	Cash movement	Foreign exchange changes	Fair value changes	Others	Closing Balance
Long-term borrowing (net)	910.05	(40.82)	29.91	6.11	-	905.25
Short-term borrowing (net)	2,001.48	(504.02)	-	-	-	1,497.46
<b>Total</b>	<b>2,911.53</b>	<b>(544.84)</b>	<b>29.91</b>	<b>6.11</b>	<b>-</b>	<b>2,402.71</b>

## Significant accounting policies

The accompanying notes form an integral part of these Consolidated Financial Statements.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**  
Partner  
Membership No. 048539

Place: Mumbai  
Date: May 11, 2019

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Vimal Agarwal**  
Chief Financial Officer

Place: Mumbai  
Date: May 11, 2019

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Rachana Sanganeria**  
Company Secretary & Compliance Officer

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Equity share capital (refer Note 16)

Particulars	Amount
<b>Balance at the beginning of April 1, 2017</b>	<b>838.88</b>
Add: Change during the year	-
<b>Balance at the end of March 31, 2018</b>	<b>838.88</b>
Add: Change during the year (refer Note 50)	0.51
<b>Balance at the end of March 31, 2019</b>	<b>839.39</b>

## Other equity (refer Note 17)

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Debenture redemption reserve	Employee Stock Options Outstanding	Retained Earnings		
<b>Balance as at April 1, 2017</b>	<b>4,379.50</b>	<b>27.39</b>	<b>22.50</b>	<b>9.37</b>	<b>978.41</b>	<b>(7.42)</b>	<b>5,409.75</b>
Profit after tax for the year	-	-	-	-	870.56	-	870.56
Other comprehensive income for the year (net of tax)	-	-	-	-	-	(3.05)	(3.05)
Transfer of Employee Stock Options outstanding to General Reserve	-	1.67	-	(1.67)	-	-	-
Transfer of Debenture Redemption Reserve on redemption	-	22.50	(22.50)	-	-	-	-
Securities premium credited for unutilised IPO expense provision	56.11	-	-	-	-	-	56.11
Dividend paid	-	-	-	-	(42.06)	-	(42.06)
Tax on dividend	-	-	-	-	(8.56)	-	(8.56)
<b>Balance as at March 31, 2018</b>	<b>4,435.61</b>	<b>51.56</b>	<b>-</b>	<b>7.70</b>	<b>1,798.35</b>	<b>(10.47)</b>	<b>6,282.75</b>
Profit after tax for the year	-	-	-	-	1,207.19	-	1,207.19
Other comprehensive income for the year (net of tax)	-	-	-	-	-	0.97	0.97
Deferred Employee Compensation Expense	-	-	-	4.89	-	-	4.89
Transfer of Employee Stock Options outstanding to General Reserve	-	7.70	-	(7.70)	-	-	-
Securities premium credited for equity shares issued by ESOP trust	12.24	-	-	-	-	-	12.24
Dividend paid	-	-	-	-	(63.09)	-	(63.09)
Tax on dividend	-	-	-	-	(12.97)	-	(12.97)
<b>Balance as at March 31, 2019</b>	<b>4,447.85</b>	<b>59.26</b>	<b>-</b>	<b>4.89</b>	<b>2,929.48</b>	<b>(9.50)</b>	<b>7,431.98</b>

### Significant accounting policies

The accompanying notes form an integral part of these Consolidated Financial Statements.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

For and on behalf of the Board of Directors

**Snehal Shah**  
Partner  
Membership No. 048539

**Devendra Shah**  
Chairman  
DIN: 01127319

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Vimal Agarwal**  
Chief Financial Officer

**Rachana Sangneria**  
Company Secretary & Compliance Officer

Place: Mumbai  
Date: May 11, 2019

Place: Mumbai  
Date: May 11, 2019



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

## 1. Corporate information

The consolidated financial statements comprises financial statements of Parag Milk Foods Limited ("the parent") and its subsidiary Bhagalaxmi Dairy Farms Pvt. Ltd. (collectively "the Group").

The parent is a public listed company incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Group is engaged in the business of production and procurement of cow milk mainly in western and southern region, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk, milk powder, flavoured milk, lassi, curd etc. which are marketed under its registered brand name "Gowardhan", "Go", "Pride of Cows" and "Topp up".

## 2. Basis of preparation

### A. Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries, being the entities that it controls. Control is evidenced where the group has power over the investee or is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies of the group. For non-wholly owned subsidiaries. A share of the profit/loss for the financial year and net assets is contributed to the non-controlling interests as shown in the consolidated statement of profit and loss.

### B. Statement of compliance

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended March 31, 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Parent's Board of Directors on May 11, 2019.

Details of the Group's accounting policies are included in Note 3.

### C. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹), which is also the Groups's functional currency. All amounts have been rounded-off to two decimal places to the nearest millions, unless otherwise indicated.

### D. Basis of measurement

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Shared-based payments	Fair value
Biological Assets	Fair value
Net defined benefit (asset)/liability	Present value of defined benefit obligation less Fair value of plan assets

### E. Current/non-current classification of assets/liabilities

The Group has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/liabilities are classified as non-current.

### F. Use of estimates and judgements

In the preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions, judgements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 are as below and also been discussed in detail in the relevant section of accounting policies.

- Measurement of defined benefit obligations: key actuarial assumptions;
- Useful life of property, plant and equipment
- Fair value measurement of financial instruments
- Fair value measurement of biological assets
- Impairment of financial assets.

### G. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Share-based payments
- Financial instruments
- Fair valuation of biological assets

### 3. Significant accounting policies

#### a) Property, plant and equipment

##### i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

##### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

##### iii. Depreciation

Depreciation on cost of fixed assets is provided on straight-line method at estimated useful life, which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013, except for Second hand machineries which are depreciated over an estimated useful life of 10 years based on management estimate.

Depreciation on additions is provided on a prorata basis from the date of ready to use and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month proceeding the month of deduction/disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

##### iv. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of classification.

##### v. Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

#### b) Intangible assets

##### i. Recognition and measurement

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

##### ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increase the future economic benefits embodied in the specific assets to which it relates. All other expenditure are recognised in profit or loss as incurred.

##### iii. Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Assets	Useful life (years)
Trade Marks	10
Website Development	3
Computer Software	3

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

**c) Biological Asset**

Biological Assets i.e. livestock (cows) are measured at fair value less costs to sell, with any change therein recognised in statement of profit and loss.

**d) Impairment**

**i. Financial assets**

The Group recognises loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL with simplified approach. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of Profit or Loss.

**ii. Non-financial assets**

**Intangible assets and property, plant and equipment**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

**e) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is

dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to April 1, 2016, the date of inception is deemed to be April 1, 2016 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

**As a lessee**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**As a lessor**

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

**f) Inventories**

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on first in first out basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

Stock-in-trade and finished goods are valued at the lower of net realisable value and cost (including prime cost and other overheads incurred in bringing the inventories to their present location and condition), computed on a first in first out basis.

## g) Financial instruments

### i. Recognition and initial measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

### ii. Classification and subsequent measurement Financial Assets

#### Financial assets carried at amortised cost

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through other comprehensive income

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case, the Group's management has made an irrevocable election at the time of initial recognition to account for the equity investment (Other than Investments in equity instruments of Subsidiary) fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.

#### Investment in subsidiary

Investment in subsidiary is carried at cost in the standalone financial statements of the Parent.

#### Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

#### Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and

other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### iii. Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

### iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

### h) Revenue recognition

Revenue is recognised when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

Because the amounts are estimate they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying Group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

Interest income is recognised using the effective interest method.

Processing charges is recognised as per the terms of the contract when the related services are rendered.

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

## i) Foreign currencies

### Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the Group are recorded in the functional currency (INR), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit & Loss.

### Measurement of foreign currency items at reporting date

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit & Loss except exchange differences on long-term foreign currency monetary items related to acquisition of fixed assets prior to transition to Ind AS, which are included in the cost of fixed assets.

## j) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods

to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

## k) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

### ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

## Presentation of current and deferred tax

Current and deferred tax are recognised as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognised in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

MAT Credits are in the form of unused tax credits that are carried forward by the Group for a specified period of time, hence it is grouped with Deferred Tax Asset/Net of Deferred tax liabilities.

## l) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

## m) Provisions, contingent liabilities and contingent assets

The Group recognises the provisions when a present obligation (legal or constructive) as a result of past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may,

but probably will not require an outflow of resources embodying the economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying the economic benefits is remote, no provision or disclosure is made.

Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

## n) Employee benefits

### Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

### Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, Employees State Insurance are recognised as expenses in the period in which the employee renders the related service. The Group has no further obligations beyond its monthly contributions. The Group also provides for post-employment defined benefit in the form of gratuity. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

### Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

**o) Share-based payments**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in Share-Based Payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**p) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**q) Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity

shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits

**r) Cash flow statement**

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

**s) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Particulars	Freehold land	Leasehold building improvements	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computer	Total
<b>Year ended March 31, 2018</b>									
<b>Gross carrying amount</b>									
Opening gross carrying amount	72.02	37.87	686.93	2,941.15	23.07	24.23	11.09	22.11	3,818.47
Regrouping/other adjustments	0.01	-	(0.01)	(0.12)	0.01	0.02	(0.09)	0.10	(0.08)
Additions during the year	-	0.21	138.54	937.44	2.21	0.16	1.41	9.95	1,089.92
Disposals during the year	-	-	-	(2.53)	-	-	-	-	(2.53)
<b>Closing gross carrying amount as at March 31, 2018</b>	<b>72.03</b>	<b>38.08</b>	<b>825.46</b>	<b>3,875.94</b>	<b>25.29</b>	<b>24.41</b>	<b>12.41</b>	<b>32.16</b>	<b>4,905.78</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	3.90	31.92	439.68	2.09	5.13	2.68	2.14	487.54
Depreciation charge during the year	-	14.26	34.07	429.85	2.69	3.53	2.47	8.84	495.71
Disposals during the year	-	-	-	(0.13)	-	-	-	-	(0.13)
<b>Closing accumulated depreciation up to March 31, 2018</b>	<b>-</b>	<b>18.16</b>	<b>65.99</b>	<b>869.40</b>	<b>4.78</b>	<b>8.66</b>	<b>5.15</b>	<b>10.98</b>	<b>983.12</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>72.03</b>	<b>19.92</b>	<b>759.47</b>	<b>3,006.54</b>	<b>20.51</b>	<b>15.75</b>	<b>7.26</b>	<b>21.18</b>	<b>3,922.66</b>
<b>Year ended</b>									
<b>March 31, 2019</b>									
<b>Gross carrying amount</b>									
Opening gross carrying amount	72.03	38.08	825.46	3,875.94	25.29	24.41	12.41	32.16	4,905.78
Additions during the year	123.34	2.43	23.75	397.89	15.27	4.87	8.19	8.55	584.29
Disposals during the year	-	-	-	(0.13)	(0.07)	(1.47)	-	-	(1.67)
<b>Closing gross carrying amount as at March 31, 2019</b>	<b>195.37</b>	<b>40.51</b>	<b>849.21</b>	<b>4,273.70</b>	<b>40.49</b>	<b>27.81</b>	<b>20.60</b>	<b>40.71</b>	<b>5,488.40</b>
<b>Accumulated depreciation</b>									
Opening accumulated depreciation	-	18.16	65.99	869.40	4.78	8.66	5.15	10.98	983.12
Depreciation charge during the year	-	13.48	37.41	411.50	3.95	3.16	2.85	10.82	483.17
Disposals during the year	-	-	-	-	-	(1.27)	-	-	(1.27)
<b>Closing accumulated depreciation up to March 31, 2019</b>	<b>-</b>	<b>31.64</b>	<b>103.40</b>	<b>1,280.90</b>	<b>8.73</b>	<b>10.55</b>	<b>8.00</b>	<b>21.80</b>	<b>1,465.02</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>195.37</b>	<b>8.87</b>	<b>745.81</b>	<b>2,992.80</b>	<b>31.76</b>	<b>17.26</b>	<b>12.60</b>	<b>18.91</b>	<b>4,023.38</b>

Under the Indian GAAP, the Group was following the accounting treatment as per paragraph 46/46A of AS 11 'The Effects of Changes in Foreign Exchange Rates, with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences on account of depreciable assets was added/deducted from the cost of the depreciable asset, which was depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has opted to apply this exemption and accordingly the Group has adjusted foreign exchange loss of ₹ 41.60 million for the year ended March 31, 2019 (March 31, 2018: loss of ₹ 0.40 million) arising on reporting of long-term foreign currency monetary item against the historical cost of fixed assets.

For details of assets given as security against borrowings, Refer Note 18 and Note 21.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 5: Other intangible assets

Particulars	Computer software	Website Development	Brands/Trade Marks	Total
<b>Year ended March 31, 2018</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	6.78	0.13	0.18	7.09
Regrouping/other adjustment	-	(0.01)	-	(0.01)
Additions during the year	52.72	-	-	52.72
<b>Closing gross carrying amount as at March 31, 2018</b>	<b>59.50</b>	<b>0.12</b>	<b>0.18</b>	<b>59.80</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	1.92	0.12	0.06	2.10
Amortisation charge for the year	10.16	-	0.08	10.24
<b>Closing accumulated amortisation up to March 31, 2018</b>	<b>12.08</b>	<b>0.12</b>	<b>0.14</b>	<b>12.34</b>
<b>Closing net carrying amount as at March 31, 2018</b>	<b>47.42</b>	<b>-</b>	<b>0.04</b>	<b>47.46</b>
<b>Year ended March 31, 2019</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	59.50	0.12	0.18	59.80
Additions during the year	0.98	-	4.70	5.68
<b>Closing gross carrying amount as at March 31, 2019</b>	<b>60.48</b>	<b>0.12</b>	<b>4.88</b>	<b>65.48</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	12.08	0.12	0.14	12.34
Amortisation charge for the year	18.37	-	0.31	18.68
<b>Closing accumulated amortisation up to March 31, 2019</b>	<b>30.45</b>	<b>0.12</b>	<b>0.45</b>	<b>31.02</b>
<b>Closing net carrying amount as at March 31, 2019</b>	<b>30.03</b>	<b>-</b>	<b>4.43</b>	<b>34.46</b>

There are no contractual commitments for the acquisition of intangible assets.

## Note 6: Biological asset other than bearer plant – Livestock (Cows)

Particulars	March 31, 2019	March 31, 2018
Balance beginning of the year	290.87	251.93
Less: Decrease due to sale/disposal	(15.08)	(41.06)
Add/(Less): Change in fair value less cost to sell#	61.83	80.00
<b>Fair Value as at the end of the year</b>	<b>337.62</b>	<b>290.87</b>

# Represents change in price as well as changes on account of biological transformation. There have been no new purchase /acquisition of biological assets.

## Note 7: Investments

Particulars	March 31, 2019		March 31, 2018	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
<b>Unquoted</b>				
<b>Investment in equity instruments (fully paid-up)</b>				
<b>Investment in other entities (fair value through Profit and Loss)</b>				
OPGS Power Gujarat Private Limited	218,000	-	218,000	0.07
Rupee Co-operative Bank Ltd.	3,800	0.00	3,800	0.04
<b>Other Investments</b>				
<b>Investment in other entities which are carried at amortised cost</b>				
Sharad Sahakari Bank Ltd.	318	0.02	318	0.02
<b>Investment in mutual fund (fair value through Profit and Loss)</b>				
PFG-Union Balanced Advantage Fund Regular Plan - Growth	499,990	4.28	499,990	4.92
FSGP-IDBI Banking & Financial	100,000	1.00	-	-
<b>Total</b>		<b>5.30</b>		<b>5.05</b>
<b>Total non-current investments</b>		<b>5.30</b>		<b>5.05</b>
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments		5.30		5.05
Aggregate amount of impairment in the value of investments		-		-

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 8: Loans – non-current

Particulars	March 31, 2019	March 31, 2018
<b>Unsecured considered good</b>		
Security Deposits	3.51	3.50
<b>Total</b>	<b>3.51</b>	<b>3.50</b>

## Note 9: Other financial assets

Particulars	March 31, 2019	March 31, 2018
<b>Unsecured, considered good</b>		
Fixed deposits having original maturity of more than one year	12.41	2.72
Interest Receivable	0.29	0.34
Deposits	117.28	92.51
<b>Total</b>	<b>129.98</b>	<b>95.57</b>

## Note 10: Other non-current assets

Particulars	March 31, 2019	March 31, 2018
<b>Unsecured, considered good</b>		
Capital advances	219.22	119.69
<b>Total</b>	<b>219.22</b>	<b>119.69</b>

## Note 11: Inventories (At lower of cost and net realisable value)

Particulars	March 31, 2019	March 31, 2018
Raw materials	138.36	31.33
Work-in-progress	2,787.06	2,212.34
Finished goods	1,445.18	1,900.03
Packing material	192.88	104.77
Stores and spares	65.31	130.87
<b>Total</b>	<b>4,628.79</b>	<b>4,379.34</b>

For Inventories pledged as securities against borrowings, see Note 18 and Note 21.

The above includes goods in transit as below:

Particulars	March 31, 2019	March 31, 2018
Stock in transit - finished goods	8.68	-

The cost of inventories recognised as an expense includes ₹ 0.65 million (March 31, 2018: ₹ 13.91 million) in respect of write down of inventories to net realizable value. Further, a sum of ₹ 13.91 million (March 31, 2018: ₹ 10.50 million) in respect of reversal of such write downs. Previous write downs have been reversed as a result of appreciation in market price of such inventories.

## Note 12: Trade receivables

Particulars	March 31, 2019	March 31, 2018
Unsecured, Considered good	2,786.49	2,517.20
Unsecured, Significant increase in credit risk	1,065.89	814.96
Less: Allowance for doubtful debts	(1,065.89)	(814.96)
	-	-
<b>Total</b>	<b>2,786.49</b>	<b>2,517.20</b>

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade and other receivables are due from firms or private companies respectively in which any directors is a partner, a director or a member.

The Group's exposure to credit and currency risk related to trade receivables are disclosed in Note 38 A and Note 38 C.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 13: Cash and cash equivalents

Particulars	March 31, 2019	March 31, 2018
Balances with banks		
- in current accounts	34.65	64.02
Fixed deposits with original maturity of less than three months	23.10	236.08
Cash on hand	15.71	9.91
<b>Total</b>	<b>73.46</b>	<b>310.01</b>

## Note 14: Other bank balances

Particulars	March 31, 2019	March 31, 2018
Fixed deposits (having original maturity of more than three months but less than twelve months)	46.93	186.00
<b>Total</b>	<b>46.93</b>	<b>186.00</b>

## Note 15: Other current assets

Particulars	March 31, 2019	March 31, 2018
<b>Advances other than Capital advances</b>		
Unsecured, considered good:		
Prepaid Expenses	8.56	11.26
Advances and other recoverable	735.71	945.67
<b>Recoverable from statutory and government authorities</b>		
Unsecured, considered good:		
Electricity duty receivable	22.20	23.11
PSI incentive & export subsidy receivable	525.79	626.45
Milk incentive receivable	374.63	-
GST, VAT & Sales tax receivable	7.37	52.22
<b>Unsecured, considered doubtful</b>		
Advances & other recoverables	19.08	-
Recoverable from statutory and government authorities	25.24	17.21
Less: Provision for doubtful advances	(44.32)	(17.21)
Unsecured, considered good:		
<b>Grand Total</b>	<b>1,674.26</b>	<b>1,658.71</b>

## Note 16: Equity share capital

### Authorised equity share capital

Particulars	Number of shares (Nos.)	Face Value	Amount
<b>As at April 1, 2017</b>	100,000,000	10.00	1,000.00
Change during the year	-	-	-
<b>As at March 31, 2018</b>	100,000,000	10.00	1,000.00
Change during the year	-	-	-
<b>As at March 31, 2019</b>	<b>100,000,000</b>	<b>10.00</b>	<b>1,000.00</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Issued, subscribed and fully paid up share capital

Particulars	Number of shares (Nos.)	Face Value	Amount
<b>As at April 1, 2017</b>			
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	84,114,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 227,000 share allotted to the Trust)	227,000	10.00	2.27
Net Issued, subscribed and fully paid up share capital	83,887,582	10.00	838.88
Issued during the year	-	-	-
<b>As at March 31, 2018</b>	<b>83,887,582</b>		<b>838.88</b>
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	84,114,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 227,000 share allotted to the Trust)	227,000	10.00	2.27
Net Issued, subscribed and fully paid up share capital	83,887,582	10.00	838.88
Add: Issued during the year by ESOP Trust to employees (refer Note 50)	50,985	10.00	0.51
<b>As at March 31, 2019</b>	<b>83,938,567</b>	<b>10.00</b>	<b>839.39</b>

\*excluding shares issued to ESOP trust which are yet outstanding to be issued to employees

## Terms and rights attached to equity shares

The Holding Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

## Details of shareholders holding more than 5% shares in the Company

Particulars	March 31, 2019		March 31, 2018	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Mr. Devendra Prakash Shah	15,006,400	17.89%	15,006,400	17.89%
Mr. Pritam Prakash Shah	9,159,888	10.92%	9,159,888	10.92%
Mrs. Netra Pritam Shah	8,867,027	10.57%	8,867,027	10.57%
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	5,074,234	6.05%	5,074,234	6.05%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. The above percentage have been computed after excluding 176,015 nos. (March 31, 2018: 227,000 nos.) of equity shares issued to ESOP Trust.

## Information on equity shares (Nos.) allotted without receipt of cash or allotted as bonus shares or shares bought back

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash, by way of conversion of compulsorily convertible debentures	-	-	-	12,084,385	-
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium and surplus balance.	-	-	-	42,135,038	-

## Note 17: Other Equity

Particulars	March 31, 2019	March 31, 2018
Securities Premium Reserve	4,447.85	4,435.61
General Reserve	59.26	51.56
Retained Earnings	2,929.48	1,798.35
Employee Stock Options Outstanding	4.89	7.70
Other Comprehensive Income	(9.50)	(10.47)
<b>Total</b>	<b>7,431.98</b>	<b>6,282.75</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Movement in Reserves

Particulars	March 31, 2019	March 31, 2018
<b>Securities Premium Reserve</b>		
Opening Balance (net off Premium on 2,27,000 shares allotted to the ESOP Trust)	4,435.61	4,379.50
Add: Securities premium credited on share issued by Trust to employees	12.24	-
Add: Securities premium credited for unutilised IPO expense provision	-	56.11
<b>Closing Balance</b>	<b>4,447.85</b>	<b>4,435.61</b>
<b>General Reserves</b>		
Opening Balance	51.56	27.39
Add: Transfer from Employee Stock Options Outstanding	7.70	1.67
Add: Transfer from Debenture redemption reserve	-	22.50
<b>Closing Balance</b>	<b>59.26</b>	<b>51.56</b>
<b>Debenture redemption reserve</b>		
Opening Balance	-	22.50
Less: Transfer to General Reserve	-	(22.50)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>Retained earnings</b>		
Opening Balance	1,798.35	978.41
Add: Profit after tax for the year	1,207.19	870.56
Less: Dividends	(63.09)	(42.06)
Less: Dividend distribution tax	(12.97)	(8.56)
<b>Closing Balance</b>	<b>2,929.48</b>	<b>1,798.35</b>
<b>Employee Stock Options Outstanding</b>		
Opening Balance	7.70	9.37
Add: Deferred Employee Compensation Expense	4.89	-
Less: Transfer to General reserve	(7.70)	(1.67)
<b>Closing Balance</b>	<b>4.89</b>	<b>7.70</b>
<b>Other Comprehensive Income</b>		
Opening Balance	(10.47)	(7.42)
Add: Change during the year (net of tax)	0.97	(3.05)
<b>Closing Balance</b>	<b>(9.50)</b>	<b>(10.47)</b>
<b>Closing balance</b>	<b>7,431.98</b>	<b>6,282.75</b>

- Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.
- General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.
- Debenture redemption reserve represents reserve created out of profit/retained earnings at specified value of debentures to be redeemed by the Holding Company. The Holding Company has transferred the balance to general reserve as the debentures have been redeemed during the year.
- Retained earnings represents surplus/accumulated earnings of the Group and are available for distribution to shareholders.
- The shares option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employee Stock Grant Scheme which are invested as on the reporting date and is net of the deferred employee compensation expense.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Distribution made and proposed to be made

Particulars	March 31, 2019	March 31, 2018
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend		
For the year ended on March 31, 2018: ₹ 0.75 per share (March 31, 2017: ₹ 0.50 per share)	63.09	42.06
Dividend Distribution Tax on final dividend	12.97	8.56
<b>Proposed dividend on equity shares:</b>		
Final equity dividend		
For the year ended on March 31, 2019: ₹ 1 per share (March 31, 2018: ₹ 0.75 per share)	84.11	63.09
Dividend Distribution Tax on proposed dividend	17.29	12.97

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at March 31, 2019.

## Note 18: Borrowings - non-current

Particulars	March 31, 2019	March 31, 2018
<b>Secured</b>		
<b>Term loans</b>		
From banks		
Rupee currency loan	403.79	280.58
Foreign currency loan	498.31	618.69
Vehicle loan	2.68	1.39
From other parties		
Vehicle loan	0.47	9.39
	<b>905.25</b>	<b>910.05</b>
Less: Current maturity	(259.04)	(274.90)
<b>Total</b>	<b>646.21</b>	<b>635.15</b>

Indian rupee loans taken by the Holding Company from a bank of ₹ 403.79 million (March 31, 2018: ₹ 280.58 million) carry interest @ 9.30%-11.00%. The loans are repayable over 13-59 monthly instalments starting from July 2014, March 2018, June 2019 and September 2019 along with interest. The loan is secured by *pari passu* charge on fixed assets and second *pari passu* charge on current assets of the Holding Company and personal guarantee of Promoter Directors.

Foreign currency loan taken by the Holding Company from a financial institution of ₹ 498.31 million (March 31, 2018: ₹ 618.69 million) carries interest @ 5.15%-5.92%. The loans are repayable in 12 semi annual instalments along with interest starting from June, 2016. The loan is secured by first *pari passu* charge on movable and immovable fixed property of the Holding Company and second *pari passu* charge of entire current assets of the Holding Company along with other banks and personal guarantees of Directors and their relatives.

Hire purchase loan taken by the Holding Company from banks of ₹ 2.68 million (March 31, 2018: ₹ 1.39 million) carries interest @ 8.33% to 9.35 % p.a. The loans are repayable in 36 to 60 monthly instalments starting from the respective date of finance. The loan is secured by specific assets financed (vehicle).

Indian rupee loans taken by the Holding Company from financial institutions of ₹ 0.47 million (March 31, 2018: ₹ 9.39 million) represents loan secured by hypothecation of equipments and vehicles. The loans are repayable over 36-78 instalments and carry interest in the range of 9.75%-12.98%.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 19: Provisions - non-current

Particulars	March 31, 2019	March 31, 2018
Provision for compensated absences (Refer Note 40)	6.34	12.45
Provision for gratuity (net) (Refer Note 40)	38.15	33.33
<b>Total</b>	<b>44.49</b>	<b>45.78</b>

## Note 20: Other non-current liabilities

Particulars	March 31, 2019	March 31, 2018
Deposit from customers	-	58.20
<b>Total</b>	<b>-</b>	<b>58.20</b>

## Note 21: Borrowings-current

Particulars	March 31, 2019	March 31, 2018
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From banks - Cash Credit	1,443.82	2,001.48
<b>Unsecured</b>		
From bank - Cash Credit	8.64	-
From director (refer Note 43)	45.00	-
<b>Total</b>	<b>1,497.46</b>	<b>2,001.48</b>

Cash credit availed from banks by Holding Company are secured by first *pari passu* charge on all current assets and second *pari passu* charge on fixed assets of the Holding Company, personal guarantee of Promoter Directors and their relative. The cash credit is repayable on demand and carries interest @ 12.40% p.a. to 15.00% p.a.

## Note 22: Trade payables - current (Also refer Note 38B, 38C)

Particulars	March 31, 2019	March 31, 2018
Due to micro and small enterprises (refer Note 45)	23.63	18.91
Others	2,947.33	3,013.64
<b>Total</b>	<b>2,970.96</b>	<b>3,032.55</b>

## Note 23: Other current financial liabilities

Particulars	March 31, 2019	March 31, 2018
Current maturities of long-term debt (refer Note 18)	259.04	274.90
Interest accrued but not due on borrowings	16.93	15.06
Deposits	228.68	160.10
Employee related liabilities	100.94	56.11
Trade payable for Capital Goods other than payable to Micro and Small Enterprises	117.14	226.21
Directors remuneration payable (refer Note 43)	2.93	10.12
<b>Total</b>	<b>725.66</b>	<b>742.50</b>

## Note 24: Other current liabilities

Particulars	March 31, 2019	March 31, 2018
Statutory dues payables	67.55	69.91
Advances from customers	7.39	43.11
Other payable	0.72	-
<b>Total</b>	<b>75.66</b>	<b>113.02</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 25: Provisions - current

Particulars	March 31, 2019	March 31, 2018
Provision for compensated absences (Refer Note 40)	9.99	3.27
Provision for gratuity (net) (Refer Note 40)	0.21	0.17
<b>Total</b>	<b>10.20</b>	<b>3.44</b>

## Note 26: Current tax liabilities (net)

Particulars	March 31, 2019	March 31, 2018
Current Tax Liability Net of advance and TDS ₹ 817.20 million (March 31, 2018: ₹ 545.31 million)	178.35	61.52
<b>Total</b>	<b>178.35</b>	<b>61.52</b>

## Note 27: Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products	22,362.81	19,021.11
Other operating revenue	1,593.83	523.95
<b>Total</b>	<b>23,956.64</b>	<b>19,545.06</b>

## Note 28: Other income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income		
Bank deposits	20.09	36.34
Others	-	0.73
Foreign exchange fluctuation (Net)	8.47	-
Profit on sale of property, plant and equipments (net)	0.25	-
Fair value changes in livestock	61.83	80.00
Recoupment of financial guarantee contract	-	5.20
Interest income on security deposit	0.37	0.34
Reversal of provision for doubtful debts	-	4.82
Miscellaneous income	11.62	(7.45)
<b>Total</b>	<b>102.63</b>	<b>119.98</b>

## Note 29: Cost of materials consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Raw material consumed</b>		
Inventory at the beginning of the year	31.33	43.42
Add: Purchases	13,360.56	11,552.61
Add: Purchase of fodder/generation of raw manure	302.87	193.74
Less: Inventory at the end of the year	(138.36)	(31.33)
	13,556.40	11,758.44
<b>Packing material, stores spares &amp; consumables consumed</b>		
Inventory at the beginning of the year	235.64	180.92
Add: Purchases	1,676.85	1,338.52
Less: Inventory at the end of the year	(258.19)	(235.64)
	1,654.30	1,283.80
<b>Total</b>	<b>15,210.70</b>	<b>13,042.24</b>



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 30: Purchase of stock-in-trade

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Milk products	1,482.79	688.18
<b>Total</b>	<b>1,482.79</b>	<b>688.18</b>

## Note 31: Changes in inventories of work-in-progress and finished goods

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Inventories at the beginning of the year</b>		
Finished goods	1,900.03	2,050.76
Work-in progress	2,212.34	2,010.08
<b>Total</b>	<b>4,112.37</b>	<b>4,060.84</b>
<b>Inventories at the end of the year</b>		
Finished goods	1,445.18	1,900.03
Work-in progress	2,787.06	2,212.34
<b>Total</b>	<b>4,232.24</b>	<b>4,112.37</b>
<b>Changes in inventories of work-in-progress and finished goods</b>	<b>(119.87)</b>	<b>(51.53)</b>

## Note 32: Employee benefit expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	841.33	646.81
Contributions to provident and other funds (refer Note 40)	41.78	31.93
Gratuity (refer Note 40)	10.63	11.40
Staff welfare expenses	51.31	45.05
Expense on ESOS (refer Note 50)	4.89	-
<b>Total</b>	<b>949.94</b>	<b>735.19</b>

## Note 33: Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on debts and borrowings	328.78	303.45
Other Borrowing Cost	29.10	53.88
<b>Total</b>	<b>357.88</b>	<b>357.33</b>

## Note 34: Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment	483.17	495.71
Amortisation of intangible assets	18.68	10.24
<b>Total</b>	<b>501.85</b>	<b>505.95</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 35: Other expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Transport & freight/carriage outward	998.02	783.68
Power and fuel*	334.18	513.00
Rent (refer Note 43)	158.41	161.15
Rates and taxes	125.42	74.22
Insurance	23.10	15.63
Repairs to plant and equipments	60.60	75.18
Repairs to building	18.63	10.12
Repairs to others	12.98	30.67
Manufacturing expenses	407.43	293.01
Office expense	41.71	34.10
Exchange fluctuation (net)	-	10.83
Security charges	22.58	19.32
Travelling and conveyance	85.16	64.85
Legal and professional fees (refer Note 43)	114.04	97.25
Director's remuneration	48.00	48.00
Auditor's remuneration #	4.58	4.69
Advertising and sales promotion	875.10	560.95
Commission on sales	79.50	57.76
Advances written-off (PSI)	66.52	-
Bad debts [adjusted with provision for bad debts ₹ 187.26 (March 31, 2018: ₹ Nil)]	187.26	14.82
Provision for doubtful debts (net)	278.03	160.00
Donations	0.62	1.11
CSR expenses (Refer Note 49)	12.42	8.05
Fair valuation loss - investment	0.75	0.08
Miscellaneous expenses	231.97	127.07
Loss on sale or death of livestock	11.11	32.56
<b>Total</b>	<b>4,198.12</b>	<b>3,198.10</b>

\* For FY 19, it includes only Power expenses while Fuel expenses have been clubbed into cost of goods sold. For FY 18, the expense includes both Power and Fuel.

## # Details of payments to auditors

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Payment to auditors</b>		
Audit fee	4.56	4.56
Re-imbursment of expenses	0.02	0.13
<b>Total</b>	<b>4.58</b>	<b>4.69</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 36: Income tax

(a) The major components of recognised deferred tax (liabilities)/assets arising on account of timing differences are as follows:

### For the year ended March 31, 2019

	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2019
<i>Deferred tax liabilities</i>				
Property, plant and equipment & Intangible assets	331.49	(36.73)	-	294.76
Fair value of livestock	14.12	13.51	-	27.63
Others	14.49	(3.87)	-	10.62
<b>Sub-Total</b>	<b>360.10</b>	<b>(27.09)</b>	<b>-</b>	<b>333.01</b>
<i>Deferred tax assets</i>				
Expected credit loss on financial assets	288.04	98.98	-	387.02
Expenses allowed on payment basis	17.25	4.83	(0.52)	21.56
Unabsorbed losses	18.26	(6.22)	-	12.04
<b>Sub-Total</b>	<b>323.55</b>	<b>97.59</b>	<b>(0.52)</b>	<b>420.62</b>
<b>Minimum Alternate Tax (MAT) credit</b>				
Recognised	111.77	(32.68)	-	79.09
<b>Sub-Total</b>	<b>111.77</b>	<b>(32.68)</b>	<b>-</b>	<b>79.09</b>
<b>Net Deferred tax assets/(liabilities)</b>	<b>75.22</b>	<b>92.00</b>	<b>(0.52)</b>	<b>166.70</b>

(b) For the year ended March 31, 2018

	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2018
<i>Deferred tax liabilities</i>				
Property, plant and equipment & Intangible assets	235.94	95.55	-	331.49
Fair value of livestock	-	14.12	-	14.12
Others	12.08	2.41	-	14.49
<b>Sub-Total</b>	<b>248.02</b>	<b>112.08</b>	<b>-</b>	<b>360.10</b>
<i>Deferred tax assets</i>				
Expected credit loss on financial assets	229.76	58.28	-	288.04
Expenses allowed on payment basis	18.72	(3.08)	1.61	17.25
Unabsorbed losses	27.20	(8.94)	-	18.26
<b>Sub-Total</b>	<b>275.68</b>	<b>46.26</b>	<b>1.61</b>	<b>323.55</b>
<b>Minimum Alternate Tax (MAT) credit</b>				
Recognised	64.24	47.53	-	111.77
<b>Sub-Total</b>	<b>64.24</b>	<b>47.53</b>	<b>-</b>	<b>111.77</b>
<b>Net Deferred tax assets/(liabilities)</b>	<b>91.90</b>	<b>(18.29)</b>	<b>1.61</b>	<b>75.22</b>

(c) Income tax expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<i>Current tax</i>		
Current tax on profits for the year	383.23	298.21
Adjustments for current tax of earlier periods	(20.56)	2.52
<b>Total</b>	<b>362.67</b>	<b>300.73</b>
<i>Deferred tax</i>		
Deferred tax charge/(credit)	(44.47)	65.81
MAT Credit entitlement	(47.53)	(47.53)
<b>Total</b>	<b>(92.00)</b>	<b>18.28</b>
<b>Income tax expense</b>	<b>270.67</b>	<b>319.01</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

**(d) Reconciliation of effective tax rate**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit before income tax expense	1,477.86	1,189.58
Indian statutory income tax rate	34.61%	34.61%
<b>Expected income tax expense</b>	<b>511.46</b>	<b>411.69</b>
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
Effect of non-deductible expenses	15.89	3.17
Effect of tax exempt income (exemption under Section 80IB)	(208.57)	(110.38)
Effect of tax adjustment in respect of earlier years	(20.56)	2.52
Effect of deferred tax in respect of earlier years	(31.01)	-
Effect of change in tax rate	(2.23)	(7.21)
Recognition of deferred tax assets on Previous year losses (net)	-	(11.00)
Others	(5.69)	30.22
<b>Income tax expense</b>	<b>270.67</b>	<b>319.01</b>
<b>Effective tax rate</b>	<b>18.31%</b>	<b>26.82%</b>

**(e) Amounts recognised in Other comprehensive income**

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Before tax	Tax exp. (benefit)	Net of tax	Before tax	Tax exp. (benefit)	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of the defined benefit plans	1.49	(0.52)	0.97	(4.66)	1.61	(3.04)

**Note 37: Fair value measurements****A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**B. Measurement of fair value**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short-term receivables, trade payables, other current liabilities, short-term loans from banks and other financial institutions approximate their carrying amounts largely due to short-term maturities of these instruments.

**C. Fair Value Hierarchy**

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Financial Assets and Liabilities	Carrying value		Measurement	Fair value hierarchy		Fair Value	
	March 31, 2019	March 31, 2018		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Financial Assets</b>							
Investments - mutual fund	4.28	4.92	Fair Value through Profit and Loss	Level 1	Level 1	4.28	4.92
Investments - Others	1.02	0.13	Fair Value through Profit and Loss	Level 3	Level 3	1.02	0.13
Loans	3.51	3.50	Amortised cost	Level 3	Level 3	3.51	3.50
Other Financial Assets (non-current)	129.98	95.57	Amortised cost	Level 3	Level 3	129.98	95.57
Trade receivable	2,786.49	2,517.20	Amortised cost	Level 3	Level 3	2,786.49	2,517.20
Cash and Cash equivalents	73.46	310.01	Amortised cost	Level 3	Level 3	73.46	310.01
Other Bank Balance	46.93	186.00	Amortised cost	Level 3	Level 3	46.93	186.00
<b>Total</b>	<b>3,045.67</b>	<b>3,117.33</b>				<b>3,045.67</b>	<b>3,117.33</b>
<b>Financial Liabilities</b>							
Borrowings - non-current	646.21	635.15	Amortised cost	Level 3	Level 3	646.21	635.15
Borrowings - current	1,497.46	2,001.48	Amortised cost	Level 3	Level 3	1,497.46	2,001.48
Trade Payables	2,970.96	3,032.55	Amortised cost	Level 3	Level 3	2,970.96	3,032.55
Other Financial Liabilities	725.66	742.50	Amortised cost	Level 3	Level 3	725.66	742.50
<b>Total</b>	<b>5,840.29</b>	<b>6,411.68</b>				<b>5,840.29</b>	<b>6,411.68</b>

## Note 38: Financial risk management

### Risk management framework

The Group has in place a mechanism to inform the Board about the risk assessment and minimisation procedures and periodical review to ensure that management controls risk through means of a properly defined framework. The Group has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Group.

The audit committee of the holding company also oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

This Note explains the sources of risk to which the Group is exposed to and how the entity manages the risk.

### (A) Credit risk

#### Trade and Other receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. In monitoring customer credit risk, customers are Grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customers. Outstanding customers are regularly monitored.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	March 31, 2019	March 31, 2018
Outstanding for a period not exceeding one months	2,531.84	1,898.44
Outstanding for a period exceeding one months	1,320.54	1,433.72
<b>Gross trade receivables</b>	<b>3,852.38</b>	<b>3,332.16</b>
Less: Provision for doubtful debts	(1,065.89)	(814.96)
<b>Net trade receivables</b>	<b>2,786.49</b>	<b>2,517.20</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group computes the expected credit loss allowance as per simplified approach for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer and the Group's historical experience for customers. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is based on the ageing of the receivable days and the rates as given in the provision matrix.

The movement in the loss allowance in respect of trade and other receivables during the year was as follows:

Loss allowance on trade receivables	Amount
Balance as at April 1, 2017	659.78
Less: Utilised during the year	(4.82)
Add: Provision during the year	160.00
Balance as at March 31, 2018	814.96
Add: Provision during the year (net)	250.93
<b>Balance as at March 31, 2019</b>	<b>1,065.89</b>

## (B) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft/cash credit facility. The group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities. The group has access to a sufficient sources of short-term funding with existing lenders that could be arranged upon should there be need.

## (i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

Contractual maturities of financial liabilities March 31, 2019	Carrying value	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings - non-current	646.21	-	294.49	417.52	712.01
Borrowings - current	1,497.46	1,497.46	-	-	1,497.46
Trade payables	2,970.96	2,970.96	-	-	2,970.96
Other financial liabilities	725.66	725.66	-	-	725.66
<b>Total</b>	<b>5,840.29</b>	<b>5,194.08</b>	<b>294.49</b>	<b>417.52</b>	<b>5,906.09</b>

Contractual maturities of financial liabilities March 31, 2018	Carrying value	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings - non-current	635.15	-	231.44	462.82	694.26
Borrowings - current	2,001.48	2,001.48	-	-	2,001.48
Trade payables	3,032.55	3,032.55	-	-	3,032.55
Other financial liabilities	742.50	742.50	-	-	742.50
<b>Total</b>	<b>6,411.68</b>	<b>5,776.53</b>	<b>231.44</b>	<b>462.82</b>	<b>6,470.79</b>

## (C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The group is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## (i) Foreign currency risk

The group is subject to risk of changes in foreign currency values that impact costs of imported raw material and import of equipment for expansion of plants, primarily with respect to USD and EURO. The group's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations.

The group has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2019.

## (a) The group unhedged exposure to foreign currency risk are as follows:

Sr. No.	Particulars	Currency	March 31, 2019		March 31, 2018	
			INR	Foreign currency	INR	Foreign currency
<b>A</b>	<b>Financial assets</b>					
(i)	Trade receivables	USD	16.11	0.23	74.36	1.15
<b>B</b>	<b>Financial liabilities</b>					
(i)	Foreign currency loan					
	Bank loan	USD	498.31	7.20	628.76	9.67
	Interest Payable	USD	10.22	0.15	12.69	0.20
(ii)	Trade payables					
		USD	0.07	0.01	0.47	0.01
		EURO	10.77	0.14	19.82	0.25
		AUD	0.16	0.01	4.62	0.09
		CHF	-	-	0.38	0.01
<b>C</b>	<b>Other current liabilities</b>					
(i)	Advances from customers	USD	1.35	0.02	-	-
<b>D</b>	<b>Other non-current assets</b>					
(i)	Capital advances	EUR	48.20	0.60	-	-
<b>E</b>	<b>Other current assets</b>					
(i)	Advances & other recoverables					
		EUR	0.13	0.01	-	-
		CHF	0.48	0.01	-	-

## (b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit/(loss) before tax gain/(loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
<b>Mar-19</b>				
Effect in INR				
1% movement				
USD	4.94	(4.94)	4.94	(4.94)
EUR	(0.38)	0.38	(0.38)	0.38
AUD	0.00	(0.00)	0.00	(0.00)
CHF	(0.00)	0.00	(0.00)	0.00
<b>Mar-18</b>				
Effect in INR				
1% movement				
USD	5.68	(5.68)	5.68	(5.68)
EUR	0.20	(0.20)	0.20	(0.20)
AUD	0.05	(0.05)	0.05	(0.05)

## Note 38: Financial risk management

### (i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

The group's borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## (a) Interest rate risk exposure

The exposure of the group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2019	March 31, 2018
Variable rate borrowings	2,353.67	2,901.36
Fixed rate borrowings	4.04	10.17
Interest free	45.00	-
<b>Total borrowings</b>	<b>2,402.71</b>	<b>2,911.53</b>

## (b) Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Impact on profit /(loss) - Increase/ (Decrease) in profit	
	March 31, 2019	March 31, 2018
Interest rates - increase by 100 basis points *	(23.45)	(29.01)
Interest rates - decrease by 100 basis points *	23.45	29.01

\* Holding all other variables constant

## Note 39: Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long-term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Holding Company may adjust its dividend payment (refer Note 17) ratio to shareholders, return capital to shareholders or issue fresh shares.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Group's adjusted net debt to equity ratio at March 31, 2019 was as follows.

Particulars	March 31, 2019	March 31, 2018
<b>Borrowings</b>		
Long-term and Short-term borrowings	2,143.67	2,636.63
Current maturities of Long-term borrowings	259.04	274.90
Less: cash and cash equivalents	(73.46)	(310.01)
<b>Adjusted net debt</b>	<b>2,329.25</b>	<b>2,601.52</b>
Total Equity	8,271.37	7,121.63
<b>Adjusted net equity</b>	<b>8,271.37</b>	<b>7,121.63</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.28</b>	<b>0.37</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and Previous year.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 40: Employee benefits

### A. Defined Benefit Plan – Gratuity

The holding company and its Indian subsidiary has an obligation towards gratuity, a defined benefit obligation. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The holding Company gratuity plan is funded with an Insurance company, whereas that of subsidiary is unfunded.

The actuarial valuation of the defined benefit obligation was carried out at the balance sheet date. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

These plans typically expose the Group to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based in government bonds. If bond yield fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

Based on the actuarial valuation obtained in respect of gratuity, the following table sets out the details of the employee benefit obligation as at balance sheet date:

Defined benefit plans	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I Expenses recognised in statement of profit and loss during the year:</b>		
Current Service Cost	8.50	7.75
Past Service Cost	-	2.37
Interest cost on benefit obligation	(1.21)	2.38
Expected return on plan assets	3.34	(1.10)
<b>Total Expenses</b>	<b>10.63</b>	<b>11.40</b>
<b>II Expenses recognised in OCI</b>		
Actuarial (Gain)/Losses due to Financial Assumption changes in DBO	0.80	(1.24)
Actuarial (Gain)/Losses due to Experience on DBO	(2.64)	6.34
Return on Plan Assets (Greater)/Less than Discount rate	0.34	(0.44)
<b>Total Expenses</b>	<b>(1.50)</b>	<b>4.66</b>
<b>III Net Asset /(Liability) recognised as at balance sheet date:</b>		
Present value of defined benefit obligation	(58.39)	(50.87)
Fair Value of Plan Assets	20.04	17.37
<b>Funded status [Surplus/(Deficit)]</b>	<b>(38.35)</b>	<b>(33.50)</b>
<b>IV Movements in present value of defined benefit obligation</b>		
Present value of defined benefit obligation at the beginning of the year	48.50	35.31
Current Service Cost	8.16	7.75
Past service cost	-	-
Interest Cost	3.25	2.45
Actuarial (Gain)/Loss	(1.92)	5.10
Benefits paid	(2.59)	(2.12)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>55.40</b>	<b>48.49</b>
<b>V Movements in fair value of the plan assets</b>		
Opening fair value of plan assets	17.36	16.87
Expected returns on Plan Assets	1.29	1.17
Actuarial (Gain)/Loss on Plan assets	(0.31)	0.44
Contribution from Employer	3.99	1.00
Benefits paid	(2.31)	(2.12)
<b>Closing fair value of the plan asset</b>	<b>20.02</b>	<b>17.36</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Defined benefit plans	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>VI Maturity profile of defined benefit obligation</b>		
Within the next 12 months (next annual reporting period)	11.48	10.00
Between 1 to 5 years	30.26	26.70
Between 6 to 10 years	23.98	21.44
Over 10 years	-	-
<b>VII Quantitative sensitivity analysis for significant assumptions is as below:</b>		
Increase/(decrease) on present value of defined benefit obligation at the end of the year		
(i) +100 basis points increase in discount rate	1.35	1.06
(ii) -100 basis points decrease in discount rate	1.65	1.31
(iii) +100 basis points increase in rate of salary increase	1.65	1.31
(iv) -100 basis points decrease in rate of salary increase	1.35	1.06

## 2 Sensitivity analysis method

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

## VIII Actuarial Assumptions: (Parag)

	As at March 31, 2019	As at March 31, 2018
1 Discount rate	7.15%-7.30%	6.95%-7.00%
2 Expected return on assets	7.15%	6.95%
3 Expected rate of salary increase	6.00%-7% p.a	6.00%-7% p.a
4 Withdrawal rate	12.00%-14.00%	12.00%-14.00%
5 Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

- The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.
- The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The gratuity fund of holding Company is managed by life insurance company, details of fund invested by insurer are not available with company.
- The Group expects to make a contribution of ₹ 11.28 million to the defined benefit plans (gratuity - funded) during the next financial year.
- The average duration of the defined benefit plan obligation at the end of the reporting period is 6.62 years.

## B Defined contribution plan

The Group has recognised an amount of ₹ 41.78 million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Benefit/Contribution to	As at March 31, 2019	As at March 31, 2018
Provident Fund	34.87	27.47
National Pension Scheme	0.79	0.97
Employees State Insurance	6.10	3.45
Labour Welfare Fund	0.02	0.03
<b>Total</b>	<b>41.78</b>	<b>31.93</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## C. Annual Leave and Sick Leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended March 31, 2019 based on actuarial valuation carried out by using Projected Unit Credit method resulted in increase in liability by ₹ 0.61 million. (Previous year-increased by ₹ 3.24 million)

Financial Assumptions	As at	
	March 31, 2019	March 31, 2018
Discount Rate	7.15%-7.30%	7.00%-7.45%
Basic salary increases allowing for Price inflation	6.00%-7.00%	6.00%-7.00%

Demographic Assumptions	As at	
	March 31, 2019	March 31, 2018
Mortality	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Employee Turnover	12%-14%	12%-14%
Leave Availment Ratio	15% for first two years	0.00%

## Note 41: Contingent liabilities

Sr. No.	Particulars	As at	
		March 31, 2019	March 31, 2018
a)	Guarantees given by banks on behalf of the Group	1.50	5.62
b)	Sales tax matter under litigation in respect of Company for FY 2006-07, FY 2009-10 and FY 2010-11 for pending F forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	72.88	76.32
c)	Claim against the Company not acknowledge as debt in relation to claim made by France International Trade, Rennes, vide Special Civil Suit No. 692/2012 dated March 07, 2012 in the Court of Honourable Civil Judge, Senior Division, Pune for damaged goods supplied by the holding Company. The amount includes interest of ₹ 20.37 million	70.68	70.68
d)	Income tax matter under litigation for the AY 2012-13 to AY 2016-17	71.49	282.12
e)	Duty Liability under advance licence scheme	-	12.91
f)	Income tax matter under litigation of the subsidiary company	0.47	0.47

- The Company is involved in other disputes, lawsuits, claims, inquiries and proceedings including commercial matters that arise from time to time in the ordinary course of business. The Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.
- The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any, for ongoing issues where no claims have been made against the Group.
- Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

## Note 42: Commitments

### Capital commitments

Capital expenditure contracted for at the end of the reporting period net of capital advance (net of capital advance March 31, 2019: ₹ 219.22 million and March 31, 2018: ₹ 119.69 million) amounting ₹ 264.84 million (March 31, 2018: ₹ 192.42 million) but not recognised as liabilities.

### Other commitments

For commitments in respect of non-cancellable leases refer Note 44

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 43: Related party disclosures

### Details of related parties:

Description of relationship	Name of the related parties
Key Management Personnel (KMP) of Holding Company	Mr. Devendra Shah – Chairman
	Mr. Pritam Shah – Director
	Mr. Vimal Agarwal - CFO (w.e.f. December 21, 2017)
	Mr. Bharat Kedia – CFO (till July 11, 2017)
	Mr. Nitin R. Dhavalikar - Director
	Mr. Radhika Pereira - Director
	Mr. Narendra Ambwani - Director
	Mr. Ramesh Chandak - Director
	Mr. B. M. Vyas - Director
	Mr. Sunil Goyal - Director
Relative of Key Management Personnel	Late Mr. Parag Shah
	Mr. Prakash Shah
	Miss Akshali Shah
	Mr. Poojan Shah
	Mrs. Priti Shah
	Mrs. Netra Shah
Entity in which KMP can exercise significant influence	Bharat Trading Company
	SBM Advisors LLP

### Details of related party transactions For the year ended on March 31, 2019:

Particulars	March 31, 2019	March 31, 2018
<b>Purchase of Goods</b>		
Bharat Trading Company	10.29	13.53
Devendra Shah	-	0.78
<b>Sale of Goods</b>		
Devendra Shah	-	0.09
<b>Remuneration to Key Management Personnel and their relatives*</b>		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Vimal Agarwal	11.99	2.76
Bharat kedia	-	6.34
Akshali Shah	3.28	2.66
Poojan Shah	0.33	-
Netra Shah	0.28	-
<b>Rent Payment</b>		
Devendra Shah	3.39	3.39
Pritam Shah	0.45	0.45
Priti Shah	0.39	0.39
Netra Shah	0.39	0.39
<b>Interest expense</b>		
Devendra Shah	-	1.43
Pritam Shah	-	7.08
<b>Consultancy fee including out of pocket expenses</b>		
B.M. Vyas	8.40	9.80
SBM Advisors LLP	2.61	2.83
<b>Reimbursement of expenses KMP</b>		
Devendra Shah	0.90	2.57
Pritam Shah	-	0.48
<b>Director sitting fees</b>		
Nitin R. Dhavalikar	1.10	1.10
Radhika Pereira	0.60	0.80
Narendra Ambwani	0.70	1.00
Ramesh Chandak	0.50	0.90

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Particulars	March 31, 2019	March 31, 2018
<b>Repayment of Non-convertible debenture</b>		
Devendra Shah	-	30.00
Pritam Shah	-	150.00
<b>Loan taken from</b>		
Devendra Shah	45.00	30.00
Pritam Shah	18.50	150.00
<b>Loan repaid to</b>		
Devendra Shah	-	30.00
Pritam Shah	18.50	150.00

\* The remuneration to the key managerial personnel and their relatives (if any) comprises of only short-term benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

## Details of balances outstanding as at March 31, 2019 for related party transactions

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Amount Payable to</b>		
Devendra Shah	46.73	1.90
Pritam Shah	1.34	8.22
Vimal Agarwal	0.82	-
Bharat Trading Company	1.19	3.55
B.M. Vyas	0.75	-
Akshali Shah	0.29	-
Poojan Shah	0.05	-
Netra Shah	0.77	-
Priti Shah	0.26	-
SBM Advisors LLP	0.24	-
Parag Shah	0.26	0.26
<b>Personal guarantee issued by</b>		
Devendra Shah, Pritam Shah, Parag Shah, Prakash Shah, Netra Shah and Priti Shah	4,813.00	5,215.86

## Note 44: Operating leases:

The Group has entered into commercial leases for taking office spaces on lease. These leases have an average term of three to five years with renewal option and escalation clauses included in the agreements. There are no restrictions placed upon the Company by entering into these leases. The Company has not given any sub lease during the year. Some of the lease arrangements also include a non-cancellable period. Lease rental debited to Statement of Profit and Loss for the year is ₹ 158.41 million (March 31, 2018: ₹ 161.15 million).

## Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Lease rentals due</b>		
Not later than one year	14.02	11.39
Later than one year and not later than five years	4.90	3.88
Later than five years	-	-

## Note 45: Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006:

Particulars	2018-19	2017-18
a) Principal amount due to suppliers under MSMED Act, 2006	19.00	17.92
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	0.48	0.99
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	72.26	43.43
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	3.17	0.99
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	4.64	0.99

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Note: The above information is given to the extent available with the Group and relied upon by the auditor.

## Note 46: Earnings per share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit/(Loss) attributable to Equity shareholders (₹ in million) (A)	1,207.19	870.56
Weighted average number of Equity shares (Nos) for basic EPS (B)	83,918,463	83,887,582
<b>Effect of Dilution:</b>		
Weighted average number of Treasury shares held through ESOP Trust	176,015	227,000
Weighted average number of Equity shares (Nos) adjusted for the effect of dilution (C)	84,094,478	84,114,582
Basic EPS (Amount in ₹) (A/B) (₹)	14.39	10.38
Diluted EPS*(Amount in ₹) (A/C) (₹)	14.36	10.35

**Basic:** Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares held as treasury shares.

**Diluted:** Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.

## Note 47: Segment reporting

The Managing Director of the holding Company acts as the Chief Operating Decision Maker (CODM) of the Group Companies in accordance with Operating Segment (Ind AS 108), for purpose of assessing the financial performance and position of the group, and make strategic decisions. The group's business activities are mainly related to processing of milk and manufacturing of milk related products, which are primarily assessed as a single reportable operating segment in accordance with Ind AS 108 by the CODM. The information based on geographical areas in relation to revenue and non-current assets are as below:

### Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Within India	23,210.82	18,948.63
Outside India	745.82	596.43
<b>Total</b>	<b>23,956.64</b>	<b>19,545.06</b>

### Non-current operating assets

All non-current assets other than financial instruments, deferred tax assets of the group are located in India.

The group does not have revenues from transactions with a single external customer amount to 10 per cent or more of the total revenues.

## Note 48: Biological assets

### A Nature of activities

The subsidiary Company's biological assets comprises of livestock (dairy cows).

Livestock is measured at fair value less costs to sell, with any resulting gain or loss recognised in the statement of profit and loss. The subsidiary Company's livestock comprises of both mature and immature livestock.

Immature livestock comprises dairy cows that are intended to be reared to maturity. These cows are held to produce milk or offspring, but have not yet produced their first calf and begun milk production.

Mature livestock includes dairy cows that have produced their first calf and begun milk production.

Other livestock comprises of cows that are going through the dry phase of their life cycle.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Particulars	Headcount	
	For the year ended March 31, 2019 (Heads)	For the year ended March 31, 2018 (Heads)
Immature cows	767	670
Mature cows	1,125	1,119
Other cows	274	249
<b>Total</b>	<b>2,166</b>	<b>2,038</b>
<b>Total milk production (In Ltrs)</b>	<b>7,728,749</b>	<b>6,982,478</b>

The subsidiary Company is exposed to fair value risks arising from changes in price of raw milk. The Subsidiary Company does not anticipate that the price of the raw milk will further decline significantly in the foreseeable future and the Company is of the view that there is no available derivative or other contracts which the Company can enter into to manage the risk of a decline in the price of the raw milk.

## B Fair value measurements

### Fair value hierarchy

Particulars	Year ended March 31, 2019	Year ended March 31, 2018	Fair value hierarchy
Livestock (Cow)	337.62	290.87	Level 3

### Valuation Technique used in the Fair Value Measurement

Particulars	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Livestock (Milking cows)	The fair values of dairy cows is determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such dairy cows.	<ul style="list-style-type: none"> <li>Estimated feeding cost/milking cow</li> <li>Estimated milk yield/milking cow</li> <li>Estimated weighted average selling price of milk/Litre</li> <li>Discount rate</li> </ul>	<ul style="list-style-type: none"> <li>Estimated feeding cost/milking cow increase by 1% would reduce the fair valuation by ₹ 13.16 million and ₹ 8.09 million as of March 31, 2019 and 2018.</li> <li>Estimated milk yield/milking cow increase by 1% would increase the fair valuation by ₹ 11.98 million and ₹ 13.18 million as of March 31, 2019 and 2018.</li> <li>Estimated weighted average selling price of milk/Litre increase by ₹ 1/ litre would increase the fair valuation by ₹ 19.48 million and ₹ 22.68 million as of March 31, 2019 and 2018.</li> <li>Discount rate increase by 1% would reduce the fair valuation by ₹ 9.07 million and ₹ 8.22 million as of March 31, 2019 and 2018.</li> </ul>

The Group is exposed to a number of risks relating to its agricultural activities:

- Regulatory and environmental**  
 The Group is subject to various local laws and regulations, and it has established policies and procedures aimed at ensuring compliance with the same.
- Supply and demand**  
 The Group is exposed to the risk arising from fluctuations in milk prices. The Company does not anticipate that the price of the raw milk will decline significantly in the foreseeable future. Further, there are no available derivatives or other contracts available in the market for managing such risk.
- Climate and other risks**  
 The subsidiary Company's livestock is exposed to risk of adverse climatic conditions and diseases etc. The Company has extensive processes in place to address the risk by having an in-house veterinary doctor and dispensary, regular health checkups of livestock cattle. The Company also has taken an insurance cover for its livestock.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 49: Disclosure on CSR expenses

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
a) Gross amount required to be spent by the Group during the period	12.42	7.91
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above		
In Cash	12.42	8.05
Yet To be Paid in Cash	-	-

## Note 50: Employee Stock Option Scheme:

The Board of Directors constituted the equity settled Employee Stock Option Scheme ("ESOS 2015") vide its resolutions dated February 27, 2015 and April 21, 2015 for issue of 696,339 stock options to the key employees of the holding Company, which has been further approved in the Holding Company's Extra ordinary General meeting dated April 3, 2015 and May 16, 2015.

Pursuant to the above scheme, the Board of Directors vide its circular resolution dated September 3, 2015, approved grant of 227,000 stock options to its employees on September 4, 2015.

The Company has in its Board Meeting dated November 1, 2018 approved the grant of 166,015 options to the eligible employees of the Company at a fair market value of ₹ 258.90 (Two Hundred Fifty Eight Rupees and Ninety Paise) per option (based on the closing market price of ₹ 258.90 of the Company's shares on NSE as on October 31, 2018) under the Parag Milk Foods Limited - Employee Stock Option Scheme, 2018 - "ESOS 2018" (erstwhile ESOS 2015 under the ESOS Scheme 2015, renamed as ESOS Scheme 2018, besides renaming of the scheme to ESOS 2018, the other terms and conditions will remain the same as stated in ESOS 2015.) The Board of Directors approved fresh grant of ESOP options 166,015 at a fair market value of ₹ 258.90 per option under Parag Milk Foods Limited - Employee Stock Option Scheme - 2018 "ESOS 2018" (erstwhile ESOS-2015 under the SSOS scheme 201, renamed as ESOS scheme 2018, besides remaining of the scheme to ESOS 2018 the other terms and conditions will remain the same as stated in ESOS 2015.

According to ESOP 2018, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 years. The other relevant terms of the grant are as below. The fair valuation of the option have been computed as per the black scholes pricing model.

Vesting Period	1 year
Exercise Period	2 Years
Expected Life	2 Years
Exercise Price	₹ 258.90
Fair value using Black Scholes model on grant date	₹ 71.14
Date of grant	01-Nov-18

## The details of activity under ESOS 2015 are Summarised below:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	126,927.00	250.00	126,927	250
Granted during the year	166,015.00	258.90	-	-
Forfeited during the year	75,942.00	250.00	-	-
Exercised during the year	50,985.00	250.00	-	-
Outstanding at the end of the year:	166,015.00	258.90	126,927	250
of which Options vested and exercisable at the end of the year	-	-	126,927	250



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Dividend yield (%)		
Expected volatility	34.95%	41.71%
Risk-free interest rate	7.40%	7.54%
Weighted average share price	258.90	250
Exercise price (₹)	258.90	250
Expected life of options granted in years	2	3
Life of option remaining in months	19	5

The expected option life is assumed to be approximately half way between the option vesting period and contractual term of the option. Since the vesting period and contractual term is different, the expected life of the option will be different. The expected option life is calculated as Year to Vesting + (Contractual Option Term) /2. Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the option.

## Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Employee option Plans	4.89	-

## Note 51: Statement of IPO proceeds

Particulars	Amount as per prospectus	Amount to be utilised
Gross proceeds of the fresh issue	3,000.00	3,000.00
Less: Fresh issue expenses	212.00	159.83
Net proceeds of the fresh issue	2,788.00	2,840.17

Particulars	Amount utilised up March 31, 2019	Pending utilisation	Amount utilised up March 31, 2018	Pending utilisation
Expansion and modernisation of Plant	1,477.01	-	1,153.27	323.74
Investment in subsidiary for financing the capital expenditure requirements in relation to expansion and modernisation of Bhagyalaxmi Dairy Farms	22.99	-	10.45	12.54
Partial repayment of working capital consortium loan	1,000.00	-	1,000.00	-
General corporate purposes	340.17	-	340.17	-
<b>Total</b>	<b>2,840.17</b>	<b>-</b>	<b>2,503.89</b>	<b>336.28</b>

## Note 52: Statement of net assets and profit or loss attributable to owners and non-controlling interest

Name of Entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income/(loss)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
<b>Holding</b>								
Parag Milk Foods Ltd.	99.75%	8,251.02	94.48%	1,140.55	104.12%	1.01	94.49%	1,141.56
<b>Sub-Total</b>	<b>99.75%</b>	<b>8,251.02</b>	<b>94.48%</b>	<b>1,140.55</b>	<b>104.12%</b>	<b>1.01</b>	<b>94.49%</b>	<b>1,141.56</b>
<b>Subsidiary (Indian)</b>								
Bhagyalaxmi Dairy Farms Private Limited	0.25%	20.35	5.52%	66.64	(4.12)%	(0.04)	5.51%	66.60
<b>Sub-Total</b>	<b>0.25%</b>	<b>20.35</b>	<b>5.52%</b>	<b>66.64</b>	<b>(4.12)%</b>	<b>(0.04)</b>	<b>5.51%</b>	<b>66.60</b>
<b>Total</b>	<b>100.00%</b>	<b>8,271.37</b>	<b>100.00%</b>	<b>1,207.19</b>	<b>100.00%</b>	<b>0.97</b>	<b>100.00%</b>	<b>1,208.16</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2019

(All amounts are in ₹ million unless otherwise stated)

## Note 53:

The holding company has acquired the Danone Foods and Beverages India Pvt. Ltd.'s manufacturing facility of Curd, Yogurt and other related products at Rai, Sonipat, Haryana near Delhi through agreement to sell dated April 18, 2018 for ₹ 141 million. The commercial operation of the plant began from August 23, 2018.

## Note 54:

### IND AS 115

Effective April 1, 2018, the Company has adopted Ind AS 115: "Revenue from Contracts with Customers" that has become mandatorily applicable for reporting periods beginning on or after April 1, 2018 replacing the existing revenue recognition standard. The new standard establishes principles for reporting information about the nature, timing and uncertainty of revenue and also the cash flows arising from contract with customers.

As per the new Standard, the Company has classified its Revenue as:- Sale of products and services: Revenue is recognised when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and/or services to the customer.

This transfer of control is generally at a point of time of shipment to or receipt of products by the customer or when the services are performed.

The amount of revenue to be recognised is based on the consideration the Company expects to receive in exchange for its goods/services. If the contract contains more than one obligation, the consideration is allocated based on the standalone selling price of each performance obligation.

Rebates, discounts, commissions and bonuses (including cash discounts offered to customers for prompt payment) are provisioned and recorded as deduction from revenue at the time the related revenue is recorded. These rebates are calculated based on the historical experience and the specific terms in individual agreements. Shelf stock adjustments which primarily cover the inventory held at the time the price decline becomes effective are recorded when the decline becomes effective. Sales returns are recognised and recorded as deductions based on historical experience of customer returns and such other relevant factors.

In accordance with the first time adoption options available in the said standard, the Company has chosen the "cumulative effect method" and applied retrospectively only to contracts that are not completed as at the date of initial application (i.e. April 01, 2018). Accordingly, the comparatives have not been restated in line with the provisions of the Standard. The adoption of the standard did not have any material impact to the financial statements of the Company for the year.

### Ind AS 116

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company continues to evaluate the impact of the New Lease Standard on the lease arrangements and shall determine the appropriate transition option once the said evaluation is completed.

## Note 55:

Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

As per our attached report of even date

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 103523W/ W100048

**Snehal Shah**  
Partner  
Membership No. 048539

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Vimal Agarwal**  
Chief Financial Officer

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Rachana Sanganeria**  
Company Secretary & Compliance Officer

Place: Mumbai  
Date: May 11, 2019

Place: Mumbai  
Date: May 11, 2019

# Corporate Information

## BOARD OF DIRECTORS

### Mr. Devendra Shah

Chairman and Whole Time Director  
(DIN: 01127319)

### Mr. Pritam Shah

Managing Director  
(DIN: 01127247)

### Mr. B. M. Vyas

Non-Executive Director  
(DIN: 00043804)

### Mr. Sunil Goyal

Independent Director  
(DIN: 00503570)

### Mr. Ramesh Chandak

Independent Director  
(DIN: 00026581)

### Mr. Narendra Ambwani

Independent Director  
(DIN: 00236658)

### Ms. Radhika Pereira

Independent Director  
(DIN: 00016712)

### Mr. Nitin Dhavalikar

Independent Director  
(DIN: 07239870)

## MANAGEMENT TEAM

### Mr. Vimal Agarwal

Chief Financial Officer

### Mr. Shashikant Dalmia

General Manager – (Finance & Accounts)

### Ms. Akshali Shah

Sr. VP- Strategy (Sales & Marketing)

### Mr. H. S. Oberoi

President – Cheese Manufacturing

### Mr. Sachin Shah

Senior VP - Southern Operations

## COMPANY SECRETARY

### Ms. Rachana Sanganeria

CS & Compliance Officer  
cs@paragmilkfoods.com

## INVESTOR DESK

### Ms. Natasha Kedia

Head – Investor Relations  
investors@paragmilkfoods.com

## CORPORATE COMMUNICATIONS

### Ms. Pournima Surve

Manager – Corporate Communication  
and Public Relations  
Pournima.surve@paragmilkfoods.com

## STATUTORY AUDITOR

### Haribhakti & Co. LLP

Chartered Accountants  
(Firm Registration No. 103523W/  
W100048)  
705, Leela Business Park,  
Andheri – Kurla Road,  
Andheri (East), Mumbai – 400 059

## COST AUDITOR

### Harshad S. Deshpande & Associates

Cost Accountants  
(Firm Registration Number: 00378)  
1254 Sadashiv Peth,  
Sadbhav Sadanika,  
Pune - 411 030

## SECRETARIAL AUDITOR

### N. L. Bhatia & Associates

Company Secretaries  
(UIN: P1996MH055800)  
507, Skyline Wealth Space,  
5th Floor, C2 Wing,  
Skyline Oasis Complex,  
Premier Road, Near Vidyavihar Station,  
Ghatkopar (W), Mumbai - 400 086

## INTERNAL AUDITOR

### KPMG in India

Building No. 10, 8th Floor,  
Tower-B, DLF Cyber City, Phase - II  
Gurgaon – 122 002 (India)

## BANKERS

Union Bank of India  
State Bank of India  
IDBI Bank Limited

## REGISTRAR & TRANSFER AGENT

### Karvy Fintech Private Limited

Unit-Parag Milk Foods Limited  
Karvy Selenium Tower B,  
Plot No. 31 & 32,  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad - 500 032, Telangana

## PLANT LOCATIONS

### A. Manchar Plant

Awasari Phata, Post Manchar,  
Tal. Ambegoan, Dist. Pune – 410 503,  
Maharashtra

### B. Palamaner Plant

149-1, Samudrapalli Village,  
Post - Pengaragunta,  
Palamaner Mandal, District - Chittoor,  
Andhra Pradesh - 517 408

### C. Sonipat Plant

Plot No. 2266-2268, Food Park,  
Phase-2, HSIIDC Industrial Estate- Rai,  
Sonipat, Haryana – 131 029

## REGISTERED OFFICE

Flat No.1, Plot No. 19,  
Nav Rajasthan Society, S.B. Road,  
Shivaji Nagar, Pune - 411 016

## CORPORATE OFFICE

20th floor, Nirmal Building,  
Nariman Point, Mumbai - 400 021

All about  
**You!**  
all around  
**you!**

