



Ideas for a new day

September 07, 2020

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

Dear Sir/Madam,

Ref: Disclosure under Regulation 34 and Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Intimation of Annual General Meeting and Annual Report of FY 2019-20

This is to inform you that the **Twenty Eighth Annual General Meeting ("AGM") of the Members of the Company will be held on Tuesday, September 29, 2020 at 4.30 p.m. (IST)** through Video Conferencing (VC) / Other Audio - Visual Means (OAVM), in accordance with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India, *inter alia*, to transact the businesses stated in the Notice convening the said AGM.

Pursuant to Regulation 34(1) and Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2019-20 along with the Notice of AGM, which are being sent through electronic mode to the Members of the Company, whose e-mail IDs are registered with Depositories / the Company / the Registrar and Share Transfer Agent. The Annual Report and Notice of AGM are also available on the website of the Company at <https://www.pargmilkfoods.com> under the tab **investors** .

The Notice of the AGM of the Company *inter alia* indicates the process and manner of remote e-Voting / e-voting at the AGM and instructions for participation at the AGM through VC/OAVM.

You are requested to kindly take the same on record

Thanking you

For Parag Milk Foods Limited

Rachana Sanganeria
Company Secretary & Compliance Officer
ACS No. 10280

Encl: a/a



Parag Milk Foods Ltd.,

CIN-L15204PN1992PLC070209

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**FOCUSED ON ESSENTIALS.
OPTIMISED TO GROW.**



Index

Introducing the theme Focused on essentials. Optimised to grow.	01	Social responsibility A company connected with the grassroots	36
About Parag Milk Foods Limited India's leading Dairy FMCG major	02	PMFL's business is centered on being socially responsible. It is contributing to the growth of India's farmers and providing support to the community at large.	
▪ Our values, vision and mission		Board of Directors	38
▪ Our offerings		Providing us a vision to achieve	
▪ Strong distribution		Management Team	40
Our key milestones On a journey to realising the vision	04	Guiding us to our goals	
Our journey through nearly three decades is a testimony to our success in keeping the consumer at the forefront		Risk Management	42
		Staying the course on the path to value creation	
Our Brands	06	Statutory reports	
Promise of better health, better nutrition		Management Discussion and Analysis	44
Our Products	08	Directors' Report	52
Delivering taste, goodness and delight		Corporate Governance Report	83
Our Presence	12	Business Responsibility Report	107
Reaching out across India with nature's best		Financial statements	
Bhagalaxmi Dairy Farm	14	Standalone	116
The future of dairy farming		Consolidated	165
Lean and mean Strategy for future growth	16		
We are more committed than ever to drive greater efficiencies through our operations, leveraging our strong relationships, technology and our brand connect		Online report	
Message from the Chairman	18	www.paragmilkfoods.com/investors.php	
Smoother operations, sharper competitive edge		Management assurance statement	
Message from the MD	20	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.	
Investing in smart measures for future success		Forward looking statement	
Strategic Priorities	22	In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. The Report contains anticipated results based on the Management's plans and assumptions. 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 inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, the actual results could vary materially from those anticipated, estimated or projected. Readers should keep in mind that we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future event or otherwise.	
Quality and trust, the essence of business growth			
Unique Strengths	24		
Doing things differently			
Strong value chain Products, processes and performance	26		
Being a vertically integrated company puts us in complete control of our supply chain, enabling us to maintain the high level of trust our brands enjoy			
Financial Highlights	28		
Committed to growth			
Our Business Model	30		
Health and strength at the core of our value creation			
Market Drivers	32		
Leading with insights and innovation			
Marketing Initiatives	34		
Keeping consumers at the forefront			

Focused on essentials. Optimised to grow.

At Parag Milk Foods Limited (PMFL), we have woven together a unique story of value creation in the country's consumer dairy market within nearly three decades of operations as a first-generation business. We have carved out a niche for our products through brands that celebrate the traditional and the modern. Our innovations and value-added products enjoy strong consumer loyalty. As an organisation, these are the essentials for our business growth. It is these essentials we are focused on. As a result we are improving the efficiency of our operations, strengthening our influence in categories core to us and adopting more effective ways to ensure sustainable growth. We ensure that we keep getting better at doing what we do best. We are driven; we are committed; we are optimised to grow.

PERFORMANCE HIGHLIGHTS FOR FY20



₹24,379 Million

Revenue



₹2,111 Million

EBITDA



8.7%

EBITDA Margin



₹937 Million

PAT



3.8%

PAT Margin



13%

ROCE



**2.9 Mn
litres / day**

Milk Processing Capacity



**3,000+
distributors**

Distribution Reach



**3.5 Lakh retail
touch points**

Retail Stores



About Parag Milk Foods Limited

India's leading dairy FMCG major

Parag Milk Foods Limited (PMFL) is India's leading dairy FMCG player with a highly diversified portfolio of more than 10 consumer-centric products. It traces its origins in the organisation founded in 1992 by Mr. Devendra Shah, India's new-age milkman. Consumer's health, well-being and nutrition are our key priorities.

We enjoy leadership in most key dairy segments with the highest quality products such as ghee, milk, paneer, cheese, beverages, curd and whey proteins amongst others. Our growth is built on a robust foundation of strong brands, while leveraging technology and Research and Development for innovation in product development

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 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 window.



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 our in-depth knowledge of local context, our ambition is to grow our brands while building a healthy and happy nation.



Our offerings

Brands	Products						
	Fresh Milk 	Ghee 	Paneer 	Dahi 	Butter 	Indian Desserts 	
	Dairy Whiteners 						
	UHT Milk 	Cheese 	Beverages				Go Fresh Cream 
	Health and Nutrition 	Go Buttermilk 	Go Lassi 	Go Badaam Milk 	Topp up 		
	Premium Farm-to-home Milk 						
	Sports Nutrition Products 						

Supported by strong distribution capabilities



19

Depots



>3,000

Distributors



>140

Super stockists



>800

Sales and marketing staff

Key Milestones Our Journey

In a journey spanning almost three decades, Parag Milk Foods Limited has created reputed brands which span an array of products trusted for superior quality and nutritive value.

This has been achieved on the back of a strong network of relationships in procurement, distribution and world-class infrastructure. The value created over time has gone on to benefit farmers, consumers, communities, our shareholders and the society at large.

1992

Founded in 1992 by Mr. Devendra Shah, Parag Milk Foods Ltd. was born with the sole purpose of delivering quality fresh milk and dairy products to Indian consumers.

1998



Commissioned the Manchar Plant in Maharashtra and began manufacturing value-added products such as butter and ghee under brand 'Gowardhan'.

2005



Birth of Bhagyalaxmi Dairy Farm with over 35 acres of land and 2,300 Holstein Friesian cows – the most modern farm in India with state-of-the-art equipment and best practices of animal management.

2008



Commissioned 'Go Cheese World' – the largest cheese manufacturing plant in India with a capacity of producing 40 metric tonnes per day.

2010

Commissioned a second plant in Palamaner equipped with a world-class UHT facility.



2011

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





2014



Expanded our offerings to include B2B whey protein for institutional clients.

2015



Ideas for a new day

Parag got its corporate identity as Parag Milk Foods Limited.

2016



Parag Milk Foods Limited got listed on the bourses.

2017

Launched 100% whey protein under the brand name 'Avvatar'.



2018

- Expanded Health & Nutrition product category further under Avvatar & Go Protein Power.



- Established our third manufacturing facility in Sonipat, Haryana, which was acquired from Danone.



2019

Expanded our fresh products business in the Northern & Eastern regions of the country.



Our Brands

Promise of better nutrition, better health

Our brands are known for their consistent growth, nutritional value of the products they comprise and consumer trust. Quality is the key driver of our brand value.

We have identified target consumer groups for each of our brands, leveraging our diverse portfolio of products to reach consumers across all segments. We have restructured our brand architecture during FY20 for greater consumer ease and simplicity.

We have nested all our products under four key brands:

Gowardhan and Go are two of our most popular brands and enjoy market leadership across several categories. Pride of Cows and Avvatar are growing as niche products in premium milk and sports, health and nutrition categories respectively. We continue to ensure that our products reflect the goodness of traditional India while being easily adaptable to the needs of modern society.

Our brand power

2nd Largest Player in Cheese
in India with 35% market share

Leaders and Pioneers
of the Cow Ghee Category under the brand 'Gowardhan' Ghee

India's First Company
to launch a truly made in India whey protein under Brand 'Avvatar'

Farm-to-Home Milk
concept introduced under brand 'Pride of Cows'

Pioneers of Fresh Paneer
with a 75-day shelf life

Leading Private Player
in UHT Category under brand 'GO'

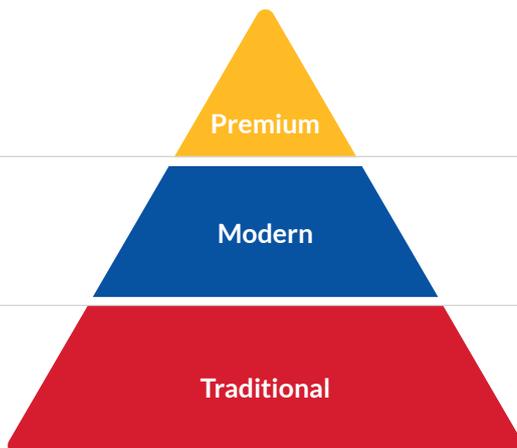
Bhagyalaxmi Dairy Farm
one of the largest cows farms in India

A diverse product portfolio catering to consumers from different segments

Brands



Positioning



Target customer group

- Household consumers seeking premium quality cow milk
- Health enthusiasts
- Children and the youth primarily for direct consumption
- On-the-go consumption as source of instant nourishment
- Traditional Indian recipes and cooking ingredients
- Indian households



Gowardhan

Brand Gowardhan was established in 1992. Under its banner were traditional milk products such as milk and ghee made from 100% cow milk. Most Indian households even today prefer traditional home-cooked meals. Our brand of Gowardhan ghee and Gowardhan milk, as well as *dahi*, paneer and more cater to the needs of such consumers who are conscious about taste as well as health. Gowardhan ghee enhances the taste of a home cooked meal, bringing health and joy to customers across the country. It enjoys strong consumer trust in the market for its quality and taste.

Gowardhan recognises the modern traditionalist and conveys the pride of choosing the best for the family. The brand refrain 'Gowardhan, *raho sehatmand*' stands for the joy of caring for the family and sharing the best with our near and dear ones. Apart from flagship products like Gowardhan milk, ghee and paneer, it includes curd, instant mixes and ready-to-eat desserts, amongst others.

Pride of Cows

It is a subscription based model with the entire process right from growing feed for the cows to the delivery of milk at consumer's door-step is taken care of directly by the Company.

Pride of Cows was the first to introduce not only the farm-to-home concept but also technology integration in milk distribution through dedicated software and apps for the convenience of the consumer.



Go

Brand Go has reinterpreted the traditional and given it a new meaning. It has infused the element of fun in dairy consumables while maintaining the distinct health benefits of consuming 100% cow milk. The brand is aimed at health-conscious consumers looking for innovative, modern formats of value-added products like UHT milk, flavoured milk, cheese, and other beverages, that provide ease of storage and consumption, as well as fresh and fun flavours to explore. These products transform the ingredients of an ordinary diet into something of an adventure.

It is well-appreciated by young mothers and young adults who look to experiment with cuisines, and inspires a go-getter spirit with its messaging reflected in the brand refrain: Go! Make it amazing. Go talks to the urbanite, looking for products with relatively longer shelf lives and greater convenience.



Avvatar

Avvatar is our premium brand under our rapidly expanding health and nutrition portfolio, geared towards health enthusiasts, youngsters and sportspersons among others. 'Avvatar' is the only truly made in India whey protein brand and the first to provide home-grown whey proteins that are 100% vegetarian enriched with all-natural flavours. It includes several variants such as Isorich, Muscle Gainer, Mass Gainer and 100% Absolute Whey Protein. It also includes Avvatar Rapid, our whey-fortified hydration drink – a category-first in the country.

Our Products

Delivering taste, goodness and delight

At PMFL, we continue to expand our portfolio, organised under our simplified brand architecture to benefit the consumer. Our product value proposition underlines products made from 100% cow milk. These are innovative value-added dairy products (VADP) of the highest quality.

Our products are categorised under four key brands

Gowardhan

The first brand launched by PMFL, Gowardhan gained quick recognition for its unique value – 100% cow milk and quality. Over the years, the brand has expanded into categories of ghee, paneer, curd, butter and dairy whitener with 170+ SKUs in all..

Gowardhan Milk

Includes multiple variants such as Gold, Pure, Fresh and Tea Star. Gowardhan Gold and Pure signify full fat milk and Gowardhan Fresh, toned milk. Gowardhan Tea Star is a special offering for lovers of the Indian chai as well as coffee – it is specially formulated milk for better taste, aroma and frothing while making tea and coffee. This range also includes Fit n Lite milk and skimmed milk for health conscious consumers.



Gowardhan Ghee

A category creator and market leader, for more than a decade this has been our flagship product. A necessary ingredient in the Indian cuisine, ghee is consumed across India.

Cow ghee holds special significance and is recommended by Ayurveda, the ancient Indian science of health, for its health benefits.

We make Gowardhan Ghee the traditional way, reminding of the taste & aroma of the home-made ghee made by grandmothers.



Gowardhan Swarna is a variant of Gowardhan Ghee that caters specially to our consumers in the southern region of the country. The brand is growing steadily in a highly competitive market populated by established players, mainly based on the assurance of 100% pure cow ghee with a unique taste profile.



Gowardhan Paneer

Paneer has a distinct fan following among Indian consumers, and is valued for being a rich source of protein, especially among vegetarian consumers. Paneer is the third-largest segment in the milk-based products category.

Gowardhan Paneer was the first to introduce Fresh Paneer with a very long shelf life in the country. It has an industry-best shelf life of 75 days, the result of technological innovations undertaken during product development. It is available as a classic block as well as in cubes making it easy to handle.



Gowardhan Dahi

The Indian meal is hardly complete without a dollop of fresh yoghurt. A natural probiotic, it is used as a key ingredient in several dishes, or as an accompaniment with meals through the day across the country.

Gowardhan Dahi is made from pasteurised cow milk and contains active culture.

Gowardhan Dahi is also made the traditional way, lending it a unique taste profile as well as a texture that Indian families are well familiar with.



Gowardhan Butter

This is table butter, marked by a distinct lactic taste. Made from clean and wholesome cream derived from 100% pure cow milk, it is deliciously light on taste, contains no preservatives or added flavours/colours and has low salt content.

Gowardhan Indian Desserts

We have developed instant mixes as well as ready-to-eat Indian desserts aimed at delighting the sweet tooth along with the assurance of quality, as the preparation takes place at home.

Products include the much loved Indian sweets – Gulab Jamun, Shahi Gulab Jamun (consumed hot and cold) and Rasgulla (consumed chilled), which are made from Gowardhan Ghee and Milk.



Milkrich

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

Delivering taste, goodness and delight

Go

A modern 'avvatar' of Gowardhan from where it also derives its name, Brand 'Go' caters to consumers looking for a higher degree of comfort and convenience. These products cater to those leading busy lifestyles.



Go Buttermilk and Lassi

These traditional favourites are used in Indian cuisine as thirst quenchers as well as digestives to be consumed at the end of a meal. They are available in tetra packs for hygiene and long shelf life. Garnished with ginger and cumin, Go Buttermilk is available in two flavours – Masala Chaas and Southern Spice. Go Lassi is available in two flavours of rose and mango.

Go Badaam Milk

A rich mix of almonds and saffron with milk, this Indian delicacy brings the goodness of health and nutrition. It is highly nutritious, with Ayurveda also considering it important for immunity.



Go Cheese

Go cheese is a great source of delight for children and young adults, especially their families, on account of innovative flavours, making our cheese even more of a favoured choice. 'Go Cheese' is 100% vegetarian and has a distinct taste, our cheese from cow milk. 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, cubes and sauces specially designed for customised usages.

Cheese slices are made available in various flavours of green chutney, chocolate, piri piri and schezwan among others. Its various types include mozzarella, cheddar and gourmet cheeses such as Gouda, Monterey Jack, Colby, Orange Cheddar and more. Cheese spreads come flavoured with herbs and olives, four peppers, smoked paprika, jalapeno and garlic. We have also launched special variants such as Four Cheese Blend and Pizza Blend which consist of a combination of cheeses used while preparing particular cuisines, as well as Go Cheese processed angles and Go Cheese Jalapeno slices.

New launches

During FY20, we launched new variants such as Go Cheese Pizza Blend, Go Cheese Four Cheese, as well as Go Cheese (plain) Processed Angles and Go Cheese Jalapeno slices.



Go Fresh Cream

Cream is a standard ingredient in Indian cuisines across regions. It is also used in preparing desserts. Go Fresh Cream with its moderate fat content, is a nutrient-rich, healthier alternative to creams made from vegetable fat. Available in tetra packs, it is free of preservatives and has a shelf life of four months.



Topp Up

A healthier and tastier alternative to aerated drinks, Topp Up is made from fresh cow milk, with a high protein content. It is available in seven different flavours of *elaichi* (cardamom), *badam* (almond), mango, rose, strawberry, pista (pistachio) and butterscotch. It also has a long shelf life of six months, making it easy to store.





Go UHT Milk

This sub-brand has multiple variants with difference in fat content. 'Go Supremo' with a 3.5% fat content is rich and creamy, ideal for making sweets and desserts. Daily milk is low on fat (1.5%) and is easily digestible; it provides all the nine amino acids. 'Go Slim Milk' has 0.2% fat while offering the health benefits of consuming milk.

Go Protein Power

A milk-based protein supplement that is 100% vegetarian and delivers easily digestible protein made from cow milk. It can be consumed by all age groups and helps to build lean muscle and repair worn-out muscle and tissue.



Go Colo Power

Made from colostrum, the first milk of cows, available just after calving, Go Colo Power is extremely high in nutrition. Developed in collaboration with a Swedish research organisation ColoPlus AB, the product also boosts immunity. It is available in powder form and can be consumed by mixing into various food items such as porridge, soups and more.

Institutional Product Category

PMFL caters to institutional clients operating in the hospitality, restaurants and catering (HORECA) segment and multinational Quick Service Restaurants (QSR) with a range of products that include cheese, paneer and more, as well as players in the pharmaceuticals sector with select range of whey protein products.



Pride of Cows

Premium milk for the uber luxury consumer. Pride of Cows is a niche product originating from Bhagyalaxmi Dairy Farm. This is cow milk from India's most modern dairy farm, delivered directly to the consumer's doorstep. It is a first-of-its-kind superior farm-to-home product that is growing its influence in a niche consumer category backed by its powerful value proposition. The milk is untouched by human hand right until it is delivered to the consumer's doorstep.



Avvatar

Avvatar is among PMFL's most rapidly growing brands. The product is a category-first as a truly 'Made in India' whey protein that is 100% vegetarian. Milked, processed and packaged within 24 hours in the same plant, it is 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, and soya.

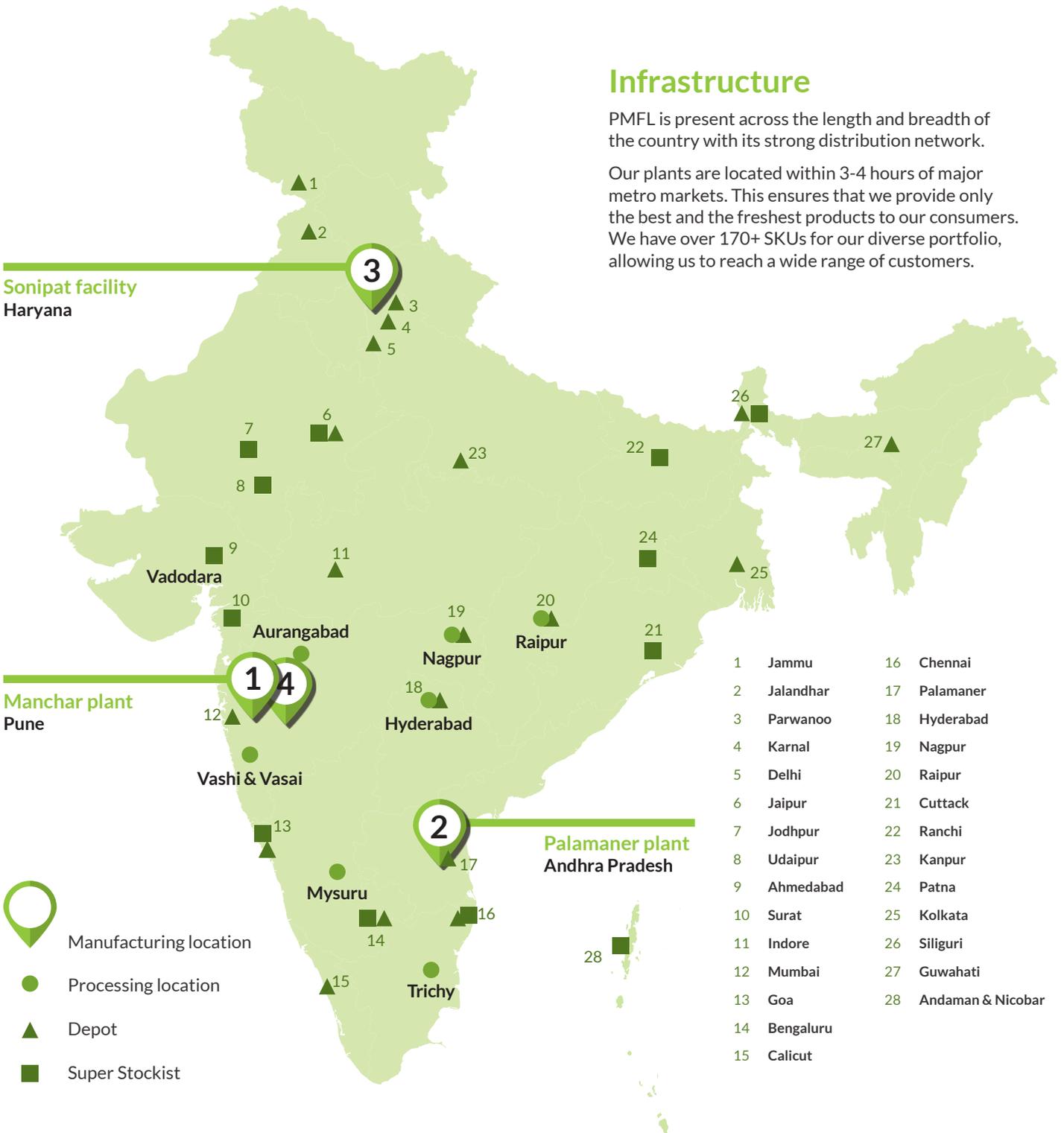
Our Presence

Reaching out across India with nature's best

Infrastructure

PMFL is present across the length and breadth of the country with its strong distribution network.

Our plants are located within 3-4 hours of major metro markets. This ensures that we provide only the best and the freshest products to our consumers. We have over 170+ SKUs for our diverse portfolio, allowing us to reach a wide range of customers.





Our manufacturing facilities



1

Manchar Plant

PMFL established its first manufacturing plant in 1992 in the milk belt of Manchar, by the Mumbai-Nashik highway. Raw milk collected from dairy farmers is pasteurised here, to be used to manufacture curd, paneer, ghee, cheese, beverages, and more. Go Cheese factory too is present here. It often features on the list of study tours undertaken by students from a variety of educational institutes.



2

Palamaner Plant

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



3

Sonipat Plant

Acquired from Danone Food and Beverages India Pvt. Ltd., the Sonipat facility commenced commercial operations in August 2018. This acquisition was a strategic investment in strengthening the Company's fresh category products distribution in the North regions of India. Through this plant, the Company supplies fresh products such as milk, curd, buttermilk, and flavoured milk to the markets in the North of India.



4

Bhagalaxmi Dairy Farm

This is India's most modern dairy farm, spread over 35 acres and equipped with the finest international technology. The facility also features a well-equipped scientific laboratory, R&D centre and research farm. It is home to ~2,300 Holstein Friesian cows.

Production capacities

2.9 Mn litres/day
Milk-Processing Capacity

60 MT/day
Cheese

20 MT/day
Paneer

110 MT/day
Ghee

10 Lakh litres/day
Whey

2 Lakh+
Farmers form PMFL's procurement network

Distribution capabilities

Our distribution network comprises 19 depots, more than 140 super stockists connected to 3,000+ distributors. We engage with our consumers across more than 3.5 Lakh touchpoints through our sales and marketing team comprises over 800 people.

Bhagalaxmi Dairy Farm

The future of dairy farming

Situated in Pune, Maharashtra, the Bhagalaxmi Dairy Farm was established in 2005 followed by the Bhagalaxmi Bioscience Division, in 2015.

It is an industry-first concept that brings farm-to-home premium fresh milk to the consumer's doorstep, where the distribution is owned completely by PMFL.

Bhagalaxmi Dairy Farm was established as a Research and Development centre for studying and developing best practices for cattle feeding, breeding and livestock management. The objective was to use this knowledge to help improve milk yields on farms owned by our farmer partners. It is a wholly-owned subsidiary of PMFL.

With time, it took shape as India's largest and most technologically advanced dairy farm.

It became a unique concept offering in its own right, in the form of Pride of Cows, a brand of premium packaged milk that is untouched by human hand. The entire process of feeding and milking the cows and the processing of fresh milk are completely automated. The service is currently available across Mumbai, Pune, Surat and Delhi.

The farm has a unique subscription-based model, with delivery monitored through a dedicated app, designed for specific, targeted customer audiences, maintaining extremely high quality standards. The distribution setup is owned by PMFL. The milk is airlifted for delivery in the national capital.



2,300

Holstein Friesian cows on the farm, making it the largest such facility in India





Bhagalaxmi Bioscience Division

Bhagalaxmi Bioscience Division studies various formulations for quality cattle feed to improve milk yields as well as sustainability. It also ensures waste matter is converted into useful marketable material, such as manure. Our farmer partners buy it to boost their farm yields.

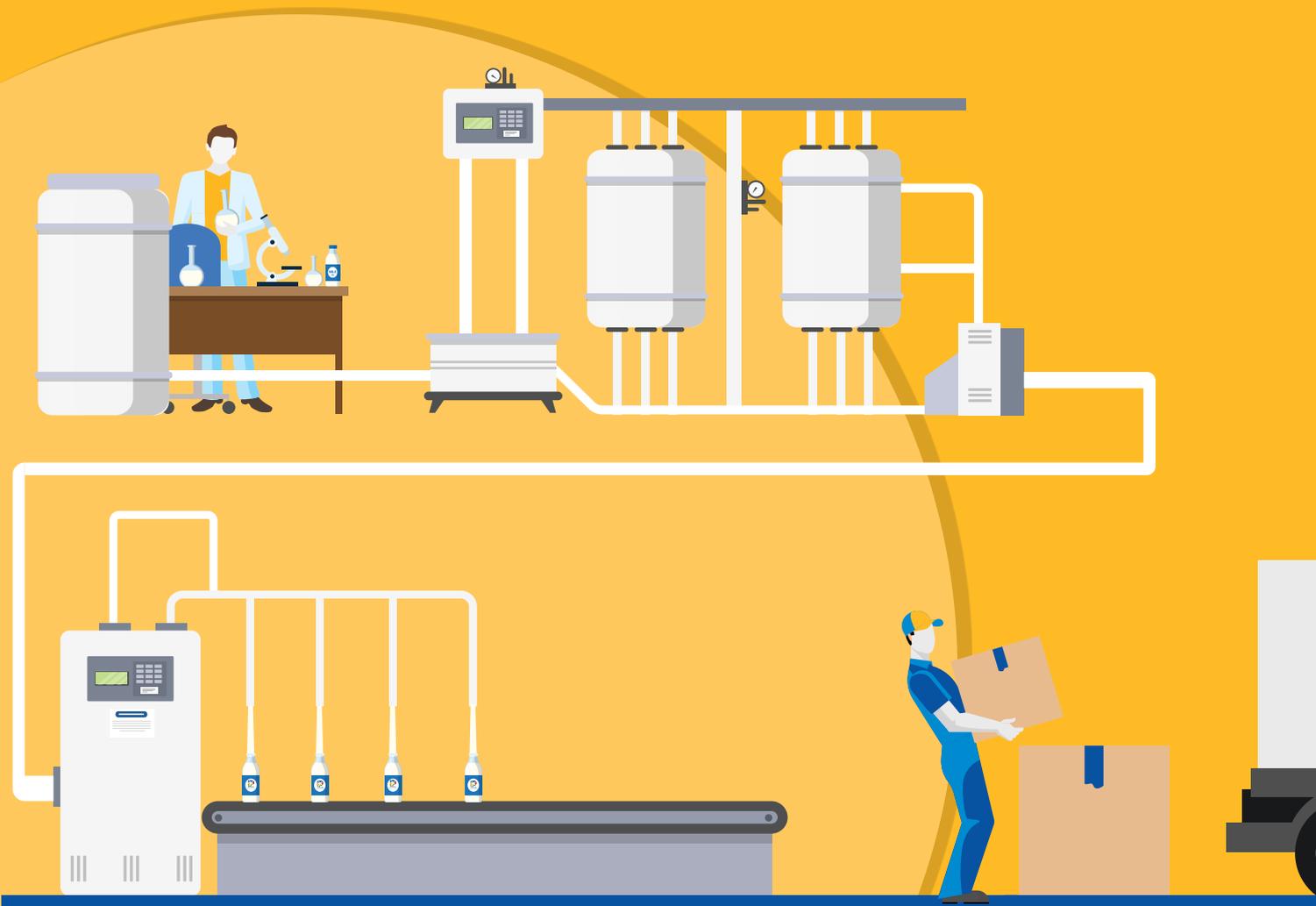
The facility has its own biogas plant with 600 m³ power generation capacity, which is used for captive consumption.

Way Forward

Lean and mean – Strategy for future growth

For us at PMFL, FY20 has been a good year of learnings, The challenges we have faced comprise an opportunity to improve the way we work. The supply side constraints we witnessed, brought to the fore the need to expand our presence in major cow milk producing states; it has featured on our agenda since we acquired the Sonipat facility in in the previous financial year.

The prevailing uncertainties in the market have impressed upon us the importance of technology-backed optimisation throughout the value chain for greater efficiency. Using these, we have revised our strategy to focus on staying lean and mean.





We have activated a drive for productivity across the organisation. It includes efforts at all levels, ranging from optimising our manpower, to production processes & parameters as well as cost rationalisation.

How we will ensure efficiency

Brand salience

Our brand value has growth stronger as we have continued to improve our consumer value proposition by being rooted in our traditions. At the same time, our value-added products offer a modern interpretation of it. Therefore, we have redefined our brand architecture to favour a more simple structure. All our products now fall under two umbrella brands, Gowardhan, which includes traditional Indian products and Go, which includes higher value-added, new and western format products.

Avvatar, on the other hand, is a functional brand in the sports nutrition segment targeted towards a niche market to serve as the vehicle for whey protein and related products in sports nutrition segment. Pride of Cows is our premium farm-to-home fresh milk. Our marketing activities will continue to reflect our brand architecture. Avvatar continues to demonstrate healthy growth and Pride of Cows too has demonstrated consistent organic growth on account of high consumer stickiness. Our focus will be to scale up the Pride of Cows business in the existing markets before expanding into newer ones.

Distribution

Our first call of action as a dairy FMCG player will be to make our distribution not only more efficient but also more effective, by driving depth into our categories. We have achieved good scale. We are now looking at increasing the depth of distribution by increasing our share of shelf space & value share from existing outlets.

Our new distribution model – PRiSM – has demonstrated success, through which we have successfully covered Mumbai city completely. Our goal is to now extend the PRiSM model to other metros in a phased manner.

Innovation

As PMFL, we are known for our innovations. Going forward, we plan to demonstrate greater rigour and discipline, with more checkpoints in place. We may prioritise the assurance of value-addition and business viability over our speed to market. It is important to ensure a business case prior to a launch so that our resources are put to most prudent and productive use.

Adding greater value

We are focusing on growing our market share in the value-added dairy products segment. This is an area that needs a different expertise. There is an 70:30 trend in terms of contribution to business from the VADP outlets. Weighted outlets is the key to success here. We are developing this strategy and building up our resources in this direction. It will enable us to focus on higher quality selling. This also means that we will focus on metros and Tier-I cities more while identifying certain specific portfolio-based demand clusters. By enabling us to improve offtake without incurring additional marketing and distribution costs, this approach is expected to enhance our profitability.

Strengthening our core

We are looking to focus more on our core categories, like cheese, ghee, fresh products, beverages and health and nutrition, in terms of distribution, pack pricing and other aspects in order to strengthen our position, brand value and our market share. We have stepped up our market activation for our natural paneer, a product distinguished by its significantly longer shelf life.



Message from the Chairman

Smother operations, sharper competitive edge

Dear Shareholders,

Our humble purpose of helping out dairy farmers in their time of need took shape as Parag Milk Foods Limited more than 28 years ago. Times have changed since then. The challenges we face today are drastically different. Our core purpose continues to drive us, compelling us to go beyond, and help provide nutrition and health to consumers across the country.

When the COVID-19 pandemic hit Indian shores in mid-February, this very purpose came calling on us for a response. As fears and uncertainty surrounded the markets and lockdown became imminent, logistics and availability of labour became a severe challenge. For dairy farmers, whose core product – milk – is perishable commodity, this posed a threat to survival.

At PMFL, we mounted a rapid response in order to ease the farmers' worries and extended support by way of our extensive collection and distribution network and logistics to ensure their losses were contained. Our milk procurement increased by 30% compared to prior months, while we continued to support farmers through fair pricing and support provided in other ways.

This helped us ensure business continuity, since milk is recognised as an essential commodity. We have made sure that our consumers have continuous access to our products that help to secure their health and well-being, as well as safeguard their immunity. In a country that consumes almost as much dairy produce as it produces, milk is an essential commodity.

We ensured 100% functionality of all manufacturing facilities during the entire lockdown period with zero downtime, while adhering to the highest safety standards and protocols. At PMFL, we witnessed an increase in demand across our core consumer product categories such as ghee, cheese, paneer and UHT due to a significant increase in at-home consumption. This helped to offset the impact on sales of commodities and HORECA segments as well as in some impulse categories such as flavoured milk.

We ensured 100% functionality of all manufacturing facilities during the entire lockdown period with zero downtime, while adhering to the highest safety standards and protocols



Besides the COVID-19 crisis, FY20 has witnessed challenges. While it took off to a positive start, headwinds soon appeared in the form of lingering effects of the drought from the previous year. Raw milk prices continued to climb and milk production went down during the summer months. This impacted our profitability.

Thanks to the consumer loyalty for our brands, we managed to successfully pass on the price rise to the consumer. Performance during the latter part of the year was marred by limited availability of milk even during the flush season due to prolonged and heavy monsoons in large parts of the country. We have steadily focused on maintaining our operational efficiency in order to protect our margins. The situation throughout the year has remained difficult on account of constrained supply of milk and sequential increase in raw milk prices month-on-month until February 2020.

However, there are better days ahead. One of the key effects of COVID-19 has been to bring back the focus on nutritious and healthy food, especially home-made food. As a result, consumers are more keen than ever to use quality products and adhere to the 'slow food' way of life even as they continue to explore flavours and cuisines. At PMFL, we believe this to be a healthy trend overall, which will stand to benefit our society in the long term.



During lockdown period milk procurement increased by 30% compared to prior months, while we continued to sustain farmers with fair pricing



At PMFL, we have taken a number of bold decisions to simplify our systems and processes towards becoming a more lean and mean organisation.

The changes in consumer behaviour towards greater health-consciousness will also make them turn to branded foods and products that can guarantee a higher standard of quality, consistency and hygiene. Thus, we chose to relook take a at our strategies and decided to go in for consolidation of our brands in order to improve our product management and consumer outreach.

At PMFL, we have taken a number of bold decisions to simplify our systems and processes towards becoming a more lean and mean organisation. We have scaled back on some of the initiatives that seemed premature after a realistic assessment. We have consolidated our brands and are focused on driving greater efficiencies. Our priority is to drive depth into our businesses, secure our margins, improve our profitability and consumer loyalty.

Milk production during the current year has witnessed an upswing already, which has largely eased the availability and pricing scenario for FY21. This, combined with the growing influence of organised players, we makes us feel confident of growth.

I am optimistic about it, based on the agility we witnessed during the lockdown period. My heartfelt thanks to our farmer partners, our distribution and channel partners and last but not the least, our employees, who have upheld our values and our commitment to the society. I would also like to thank our investors for their continued support in these difficult times. We are confident of improved performance in the coming years.

Mr. Devendra Shah
Chairman

Message from the MD

Investing in smart measures for future success

Dear shareholders,

FY20 at PMFL has presented with a series of challenges, ranging from operational ones to systemic ones, including COVID-19. However, we have chosen to respond with agility and confidence to solve these challenges not just for ourselves, but also to ensure our farmer partners and our consumers have the support they need.

Performance

Our consolidated revenue from operations stood at ₹24,379 Million, with ~2% growth (y-o-y) and EBITDA at ₹2,111 Million, down from ₹2,235 Million in FY19. The impact was from the supply side – while prices went up, availability of milk went down. This posed a challenge to effective inventory management through the first three quarters of the year. This was compounded by a further increase in raw milk price in the last quarter of the financial year.

In Q4 FY20, as COVID-19 spread and the nation went under a lockdown, at-home consumption increased, driving up the demand for categories such as ghee, cheese, paneer and UHT milk. At the same time, sales in the commodities and HORECA segments were impacted.

Our gross profit for FY20 came down to ₹6,232 Million from ₹7,383 Million in the year before. Our PAT for the year was ₹937 Million as compared to ₹1,207 Million in the year last. We have achieved 8.7% EBITDA margin on account of being cautious in our spending on advertising and promotions, using our resources judiciously and maintaining efficiency in operations.

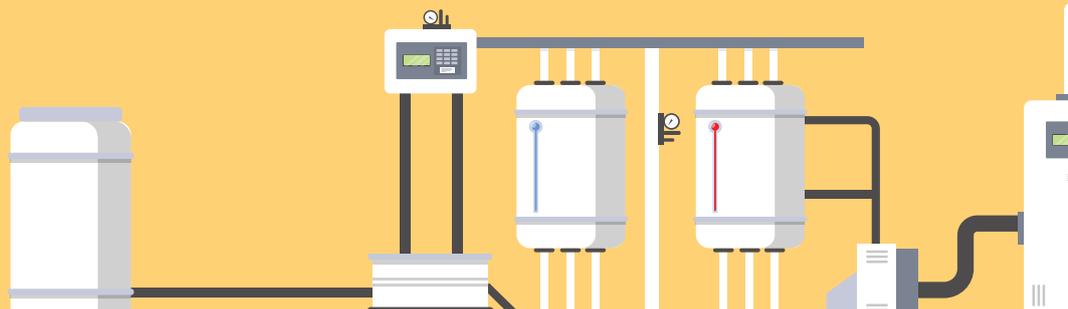
COVID-19 impact

The pandemic has had a dramatic impact on global supply chains and economies. Our industry is integral to the health of the economy and hence, we take our responsibilities at PMFL seriously. Our core concerns post the COVID-19 outbreak were: i) ensure maximum support to the farmer community that depends on us ii) milk being an essential item, ensure business continuity so that the consumer is well provided for.

We have continued to deliver on both fronts by leveraging our strong relationships within the community of dairy farmers with whom we have been traditionally associated for decades. We committed to them to source 100% of the milk they produced. This has helped further strengthen our relationship.

Our logistics support kicked into high gear to help source and collect milk and transport it to our facilities without delay. We also worked more efficiently and more productively, driving further automation to ensure work did not stop. Similarly, our employees as well as channel and distribution partners did their utmost to get all the requisite permissions in place for inter-state transportation needs. We provided extended credit and re-negotiated contracts with our channel partners to help ease concerns over cash flow. Being a manufacturer of food products, quality is paramount for us. It is part of our core values. As a result, we have always followed best practices for maintaining hygiene. Further, we have continued to adhere to all the government protocols for employee safety.

Our core concerns post the COVID-19 outbreak were:
i) ensure maximum support to the farmer community that depends on us ii) milk being an essential item, ensure business continuity so that the consumer is well provided for.





We have taken a call to renew our focus on core areas and strengths of the business and consolidate our decisions are driven by the desire to focus on what we do best; and, to keep getting better at that.

Also, we have recorded a substantial increase in milk procurement during the COVID-19 season as unorganised players found it difficult to sustain their operations. The pandemic has also had far-reaching effects on the consumer psyche overall. People are more health-conscious and committed to cooking and eating at home than before. This will increase the demand for our products, which are considered as high quality and premium, especially our ghee, cheese, fresh products and paneer. The outlook, therefore, is positive.

Lean and mean

The year has been good for identifying our strengths and our weaknesses, leading us to carry out a fresh evaluation of our strategies and rework our approach to our business. We have taken a call to renew our focus on core areas and strengths of the business and consolidate our decisions are driven by the desire to focus on what we do best; and, to keep getting better at that.

We are committed to steadily improving our operational efficiencies, which include automation, and enhanced customer service, and add to our procurement might. We are pursuing a

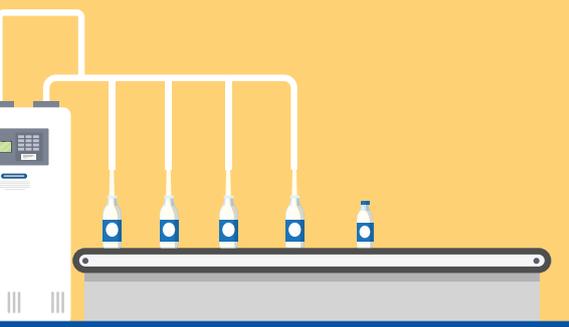
range of strategic branding initiatives to improve our brand recall while also looking to develop the high-margin category of health and nutrition. We have plans to further expand our value-added dairy products portfolio as well as our distribution capabilities.

Positioned to grow

In line with optimising our value chain for greater efficiency, we are working to grow our procurement network, which will help us cope with volatility in supply in the future. We are looking to drive up marketing and promotions of core category products as well as focus on getting better ROI from our operations. A favourable monsoon in the current fiscal will help us further in achieving the desired results.

I have great trust in our organisation's ability to realise our goals through strong commitment, unwavering efforts and perseverance. I would like to conclude by thanking our shareholders for their faith and our network partners for their unstinted cooperation and support.

Mr. Pritam Shah
Managing Director

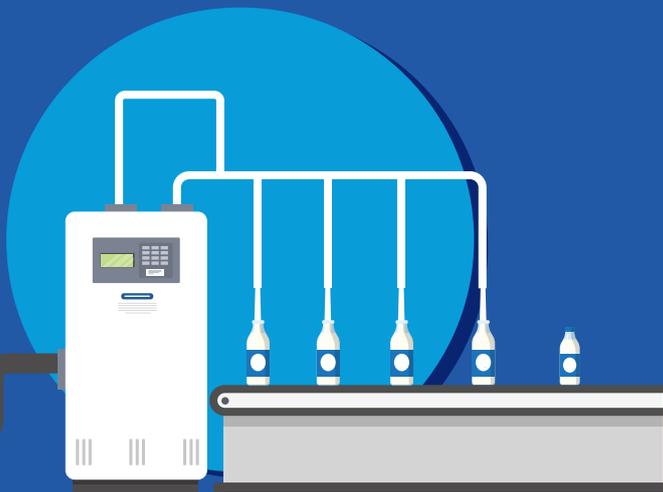


Strategic Priorities

Quality and trust, the essence of our business growth

During FY20, we have mobilised a strategy to realign the organisation on the path of growth. These changes acknowledge the ongoing changes in the market driven by consumer behaviour and overall market conditions.

Our strategic priorities for the near term take a comprehensive look at the length and breadth of our operations, towards driving better results.



Focus on operational efficiencies

We are looking closely at every aspect of our operations to channel greater efficiency by identifying and modifying parts that hinder productivity. Technology is a major enabler in achieving this. We continue to drive greater technology adoption and automation, as well as encourage skill upgradation within our talent pool.

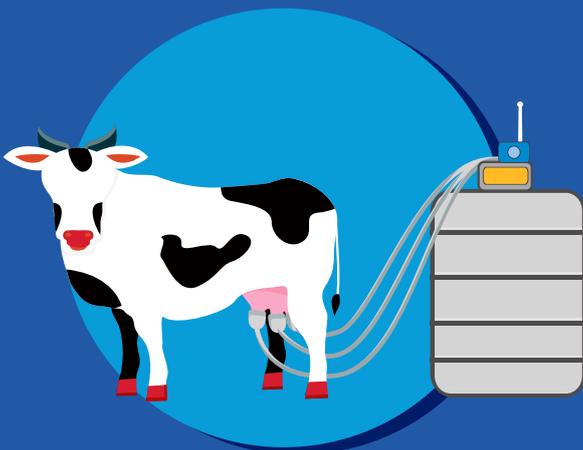
Brand building

For an FMCG brand, strong brand recall and recognition are critical to sales success. At PMFL, we are working to improve on it by simplifying our brand architecture. This will help drive focused efforts on increasing our brand value through strategic brand initiatives.



Enhancing milk procurement

We are working to deepen our ties with dairy farmers and expanding our network. We provide quality and quantity based incentives to deliver better value for them. We are also leaning on technology to improve our ability to manage our network more effectively. We plan to add more bulk coolers and automated collection systems to our procurement setup.





Health and nutrition category

We are driving increased focus on health and nutrition as a category, as this gives better scope for value addition. There is enhanced focus on health due to the prevailing COVID-19 situation; as a result, we expect this category to grow rapidly in the near term.



Depth in distribution

Our distribution reach covers nearly 3.5 Lakh outlets. We believe we have achieved good breadth. From now on, we will be focusing on driving depth into the categories we cater to. We are growing and strengthening our association with stockists and distributors to drive greater penetration. We are also pursuing a differentiated strategy for distribution across Tier-I, Tier-II and Tier-III cities with concentrated efforts in metros.



Expanding our portfolio and innovating with vigour

We continue to innovate in order to enhance our portfolio of VADP, targeting different consumer segments with specific tastes and preferences. While we continue the efforts, our innovations will be limited to certain high impact launches. This will result from exercising greater vigour by ensuring certain checks are in place. These will include defined stage gate process and establishing the business case and the right to win prior to investments.



Unique Strengths

Doing things differently

At PMFL, we don't walk the beaten track. Our solution-driven approach is the reason behind our exponential growth and consistent value-creation over nearly 30 years. We are a vertically-integrated dairy FMCG with end-to-end control over our products and processes. Our farm-to-home model, where we own everything from livestock to distribution centres, truly distinguishes us.

We continue to redefine and refine the distinct strengths that characterise our organisation.



Consumer-centricity

We are deeply consumer-centric in our approach to business. From the time of inception of PMFL, we have focused on providing consumer solutions that add value to their lives. From being a provider of 100% cow milk to value-added products that deliver more in terms of nutrients, taste and convenience, our consumers' needs drive us to do better.

All-in-one expertise

PMFL as an organisation prides itself on being a fully homegrown player that has come up purely on the strengths of its value proposition and its vision. Our all-round expertise across categories in the dairy industry makes us unique.



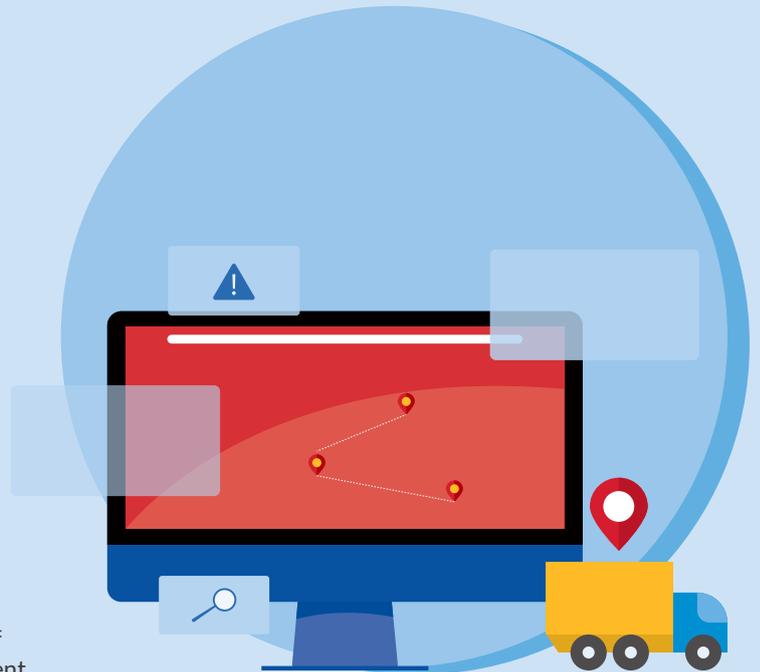


Well-differentiated brand portfolio

As one of India's leading dairy FMCG player, we see our brands as critical to our success. Our portfolio of brands, conceptualised based on our sharp understanding of the market, connects with various core consumer segments across generations. Our brands continue to grow based on the core promises that are built into our consumer value proposition that is common to all: Quality. Purity. Consistency.

Advanced technology

Technology is the backbone of our processes at PMFL. We believe in maintaining a futuristic approach in order to stay relevant. We have integrated advanced technology across all our verticals. Our data-driven systems make use of analytics to provide us with business intelligence, which informs our strategy. Technology is central to our distribution success, wherein our Theory of Constraints (Vector) dashboard monitors placement of orders and analyses past trends for the same. The movement of milk is monitored in real time. On the other hand, Sales Force Automation enhances our customer relationship management. We also use a distribution management system for inventory management; it also provides us with secondary sales data in real time.



A Vertically Integrated Company

Strong value chain: Products, processes and performance

We have continued to create value for our key stakeholders for nearly three decades. Our endeavour remains to continuously reimagine and revise our offerings in order to cater to a diversity of consumer segments.

Being a vertically integrated company enables PMFL to make all products from scratch, including milk, cheese, paneer, ghee, beverages, curd and whey protein, and exercise control over quality, marketing and distribution. We have achieved this by constantly working to enhance our strengths on the supply side. This is our key to consistent value creation over the long term.

Strong brand value

Our brands enjoy top-of-the-mind recall and continue to grow equity on the basis of increasing consumer trust in the quality of our products. The Indian consumer is rapidly shifting towards branded products sourced from organised players.

Scale of operations and modern infrastructure

We are present in all key cow milk producing states, while our distribution networks ensure a pan-India presence. Besides possessing India's largest modern dairy farm, we have a processing capacity of 2.9 Million litres per day. Our state-of-the-art manufacturing facilities are located in Maharashtra, Andhra Pradesh and Haryana. Our farmer network comprises over 2 Lakh farmers across all major cow milk producing states. We distribute to over 3.5 Lakh retail outlets across the country. Our cold chain facilities are among the best in the industry.

Our milk procurement process consists of the following three stages:

01

We procure milk from our farmer partners, collected at village collection centres

02

The milk is then transported to Bulk Milk Coolers or Chilling Centres that have been set up close to the collection centres. Here, the milk is chilled and preserved

03

The milk is then loaded onto tanks and transported to our dairy plants





Consistent value-addition

PMFL is able to provide consistent value-addition to the consumers in the form of newer and better products on account of being a vertically integrated company. Thus, with ease and agility, we are able to put the available marketing insights into action to build a strong portfolio in the rapidly growing value-added dairy products space.

Distribution, the key to growth

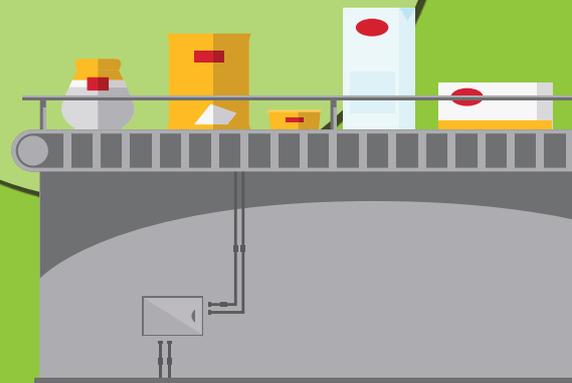
Our presence across the various consumer distribution channels and collaborations with key channel partners enable us to foster a stronger connect and respond to the unique needs of the consumers. Our presence includes grocery and modern trade, giving us the added advantage of connecting with the consumer at various touch points and cross-selling with a variety of offers.

Research and development

We have led the market with a highly diverse product portfolio of dairy products under each category that we cater to. Innovative value-added products contribute to profitability. As a result, we are innovating with a strong sense of vigour in our processes, making sure that our innovations are aimed at making a high degree of impact and serve to strengthen our business case.

Values-based connect with the consumer

Our consumer recognises the value of the product we offer in terms of quality, taste and nutrition. As a result, our products are positioned in the premium category. Our marketing efforts reflect this connect. Our key message to the consumer is based on the push for health and nutrition along with taste and delight. It has struck a chord with various segments of Indian consumers, who are looking for products that deliver modern taste and experiences along with the promise of quality and value characterised by our traditions.



Company highlights

Strong Relationships

Established strong relationships with over 2 Lakh farmers and over 3.5 Lakh retail touch points

State-of-the-art Facilities

Aggregate milk processing capacity of 2.9 million litres per day with the largest cheese production capacity in India of 60 MT / day and a paneer production capacity of 20 MT / day

Richly-diversified product portfolio

Diversified product portfolio with 170+ SKUs that cater to a wide range of customers

Strong Distribution

Pan-India distribution network of 19 depots, over 140 super stockists and 3,000+ distributors

Market Leading Brands

Gowardhan, Go, Pride of Cows and Avvatar

Financial Highlights

Committed to growth

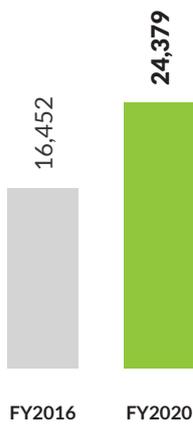
Profit & Loss Metrics

▲ 4-year CAGR (%)

Revenue

₹ in Million

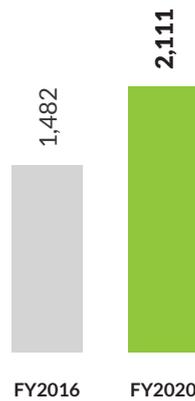
10.3% ▲



EBITDA

₹ in Million

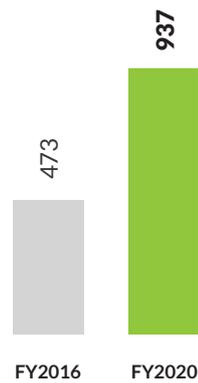
9.2% ▲



PAT

₹ in Million

18.6% ▲



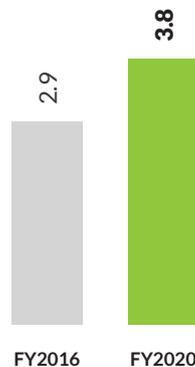
EBITDA Margin

(%)



PAT Margin

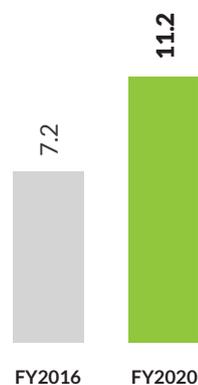
(%)



EPS

(₹)

11.5% ▲



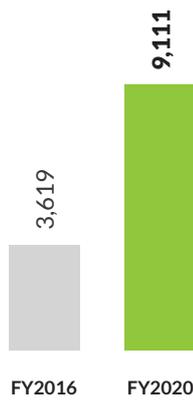


Balance Sheet Metrics

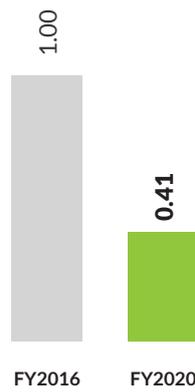
Net Worth

₹ in Million

26% ▲



Debt/Equity Ratio

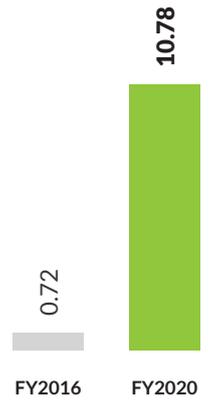


Corporate Social Responsibility

CSR Spend

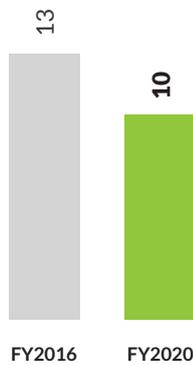
₹ in Million

96.7% ▲



Return on Equity (ROE)

(%)



Return on Capital Employed (ROCE)

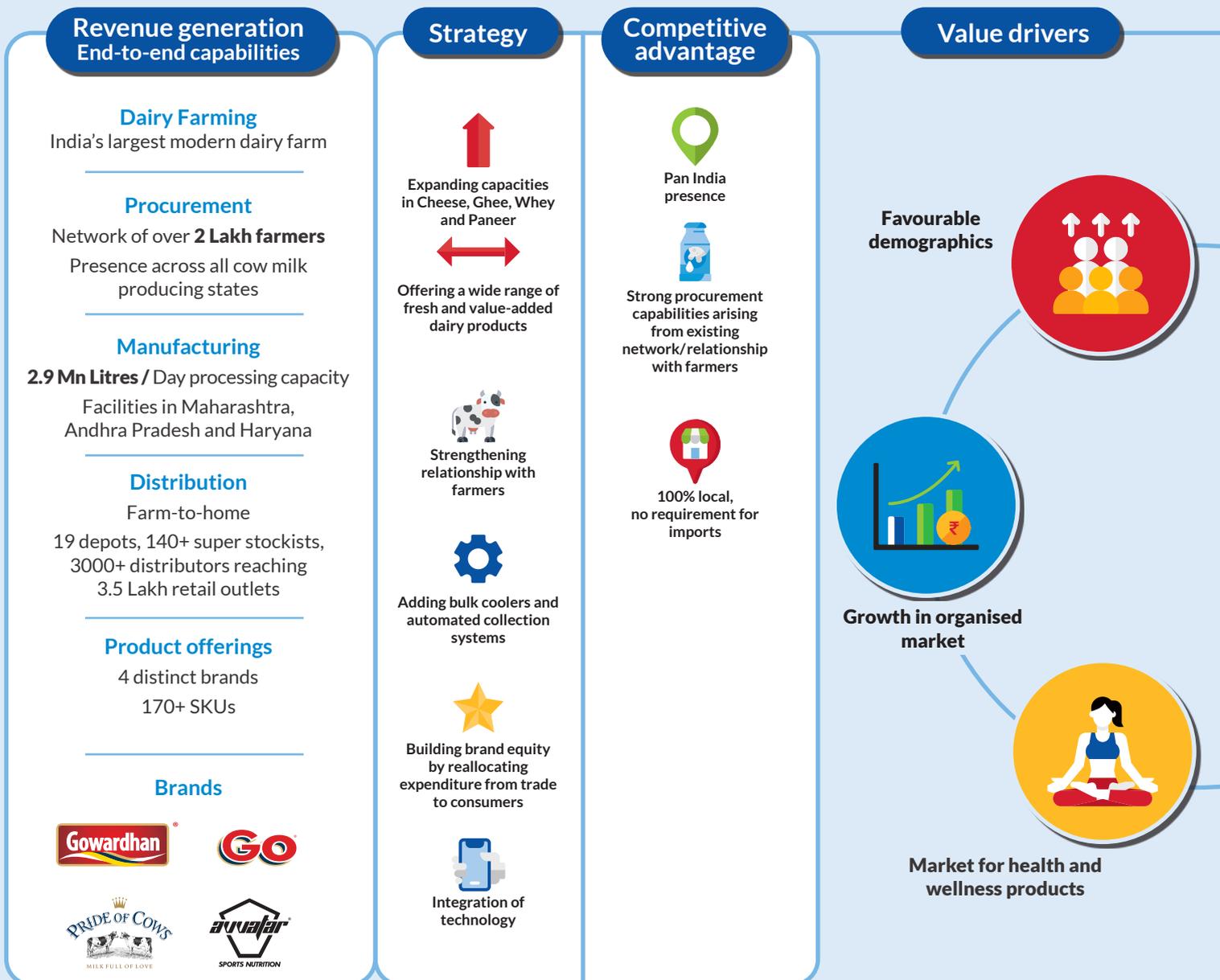
(%)



Our Business Model

Health and strength at the core of our value creation

Our highly scalable integrated business model is a product of an extensive supply chain and loyal consumer base. It is backed by key value drivers propelling us forward.





Shift towards value-added products in the dairy market



Multiple channels of distribution

Value created for stakeholders



Consumers

- Assurance of quality and safety
- Familiarity with the brand
- 100% cow milk products
- Health and nutritional benefits
- Products for consumers across all segments



Farmers

- Assured purchase of milk
- Accurate quantity and standardised quality of milk
- Building best practices
- Facilitates sanction of loans to small farmers for purchasing cattle
- Subsidised rates for cattle feed
- Free vaccination for cattle



Communities

- Health and wellness
- Spreading positivity
- Enriching lives



Shareholders

- Good governance practices
- Scalable revenue model

Outcomes

₹ 24,379 Million

Revenue

₹ 937 Million

PAT

#1 Fresh Milk

private player in Mumbai and Pune

#1 Cow Ghee brand

in India

#1 Mozzarella cheese player

(No.2 overall with 35% market share)

#1 Private player

in UHT milk under brand name 'Go'

#1 Premium Cow Milk

under brand name 'Pride of Cows'

#1 Mechanised cow farm

in India

Farm-to-home

Integrated supply, manufacturing and distribution

Pioneer

in the 100% cow milk fresh paneer segment

Market Drivers

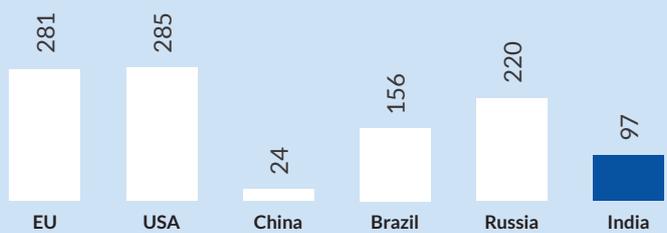
Leading with insights and innovation

India accounted for over 20% of the global milk production for FY20. At 187 Million tonnes of milk produced during FY20, it is the largest milk producer globally. The domestic milk consumption at the same time, was 181 million tonnes. Both the production and domestic consumption, have grown at a steady 20-year CAGR of 4.5%, signifying well-balanced demand and supply.

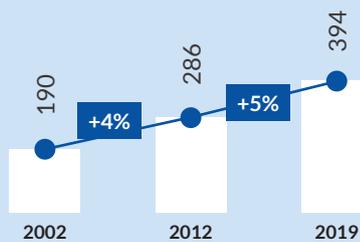
Though milk consumption is rising, the per capita consumption is meagre, as compared to the other developed markets like US and EU, as well as markets like Russia and Brazil. This despite India being a milk drinking nation. The society values dairy products as an important source of protein given that India is home to the largest population of vegetarians in the world.

This points to a large headroom for growth. The Indian dairy industry is witnessing large-scale changes led by consumer behaviour. Indian consumers are increasingly shifting their preferences towards branded products from loosely produced, unbranded products through unorganised small players.

Per Capita Milk Consumption (litres/cap/annum)



India Per Capita Milk Consumption (gms/cap/day)





Key reasons for this are proving to be the market drivers for the dairy industry as a whole. These are as discussed below:

Greater consumer awareness

India is expected to have ₹586 Million middle class households by the year 2025. India's working population is expected to reach ₹988 Million by 2030. These are consumers driving the growth of the dairy industry. The modern Indian consumer values health and is willing to pay a premium for quality products that help safeguard it.

Millennials and the generations following them are particularly conscious of quality and want authenticity from the brands they interact with. They also have higher disposable incomes to support their lifestyles. These new-age consumers are driving the growth of organised dairy products, through categories such as cheese, UHT and yogurt. Other traditional products such as curd, paneer and lassi or chaas too are growing rapidly powered by brand consolidation in these categories.

At PMFL, we are connecting and engaging with this rising middle class across platforms of their choice. The insights thus obtained are used to drive product innovation.

Urbanisation

India is urbanising rapidly. This brings with it a growing population of working youngsters who have busy lifestyles. They are on the lookout for easy to consume, safe and convenient products that can be stored for longer durations. This population is likely to actively drive consumption of dairy products that have longer shelf life while also being healthy and nutritious.

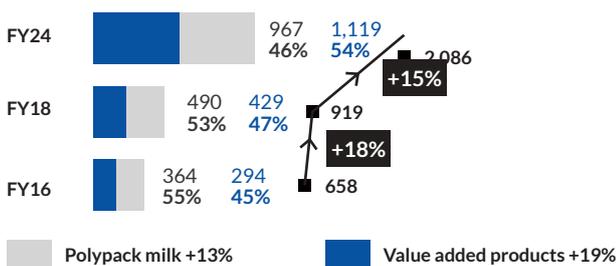
This trend is also powering the shift on the supply side towards organised players as consumers are increasingly attracted to brands. At PMFL, products under all brands, are designed to fulfil the consumer's need for nutrition as well as convenience.

Value-added dairy products

Milk and milk products are a staple in the Indian diet. The production and consumption levels are expected to reach a volume of 213 Million tonnes and 209 Million tonnes respectively by FY24. Thus, consumption is set to grow.

VADP is growing faster, and will overcome milk in total share

Organised Market (INR Bn)



Source: National Dairy Development Board, Crisil Research, Industry reports, Secondary research, EY Analysis

Traditional VADP: Large market size, highly unorganised | Modern VADP: Highly organised

Category	Products	Market Characteristics
Traditional Consumer Staples	<ul style="list-style-type: none"> Ghee Poly-pack milk Butter 	High volume of consumption of base category, relatively slow volume growth
Traditional Conversion driven	<ul style="list-style-type: none"> Curd Paneer Lassi/Chaas 	High product familiarity to the Indian palate; currently small organised penetration, not fast growing
New Age	<ul style="list-style-type: none"> Cheese UHT Milk Yogurt 	New to Indian palate - Low volume of consumption; fast growing 100% organised play

As per trends, the demand for value-added dairy products (VADP) is set to grow significantly as young Indian consumers look for added benefits in consumption of dairy products, over and above its being a source of wholesome nourishment. As per industry reports, VADP sales will outgrow milk in total share by FY24, with the category expected to grow at a CAGR of ~17.5% from ₹429 Billion in FY18 to ₹1,119 Billion in FY24. During the same period, poly pack milk is expected to grow at a CAGR of ~12% from ₹490 Billion in FY18 to ₹967 Billion in FY24. Growing disposable incomes will play an important role in enabling this growth.

PMFL has built a legacy of leading with value-added dairy products. We are driving innovation through all our product categories - whether traditional or modern ones - to give more to our consumers. For example, our Gowardhan Swarna ghee, which is formulated especially for our consumers in South India. Similarly, Go Cheese is available in new flavours such as jalapeno and four cheese among others.

Fitness mindset

There is a wave of health consciousness building up across the country, not the least due to the prevailing concerns over the COVID-19 scenario. This consciousness is in part ushered by the growing celebrity culture through social media channels, but mostly a result of growing awareness of the perils of consuming fast food and stressful and often sedentary lifestyles. Indian consumers are increasingly looking to consume more protein-rich food while also being the largest population in the world of vegetarians. Thus, they turn to milk products, which are also a steady source of key minerals and nutrients.

At PMFL, we are happy to provide not only milk and milk products of the highest quality comparable to global standards but also products made of 100% cow milk, that provides additional health benefits. We are keen on expanding our product portfolio in the health and nutrition category, which includes whey protein isolate, protein-enriched hydration drink and colostrum powder which helps to improve digestion and immunity.

Marketing Initiatives

Keeping the consumer at the forefront

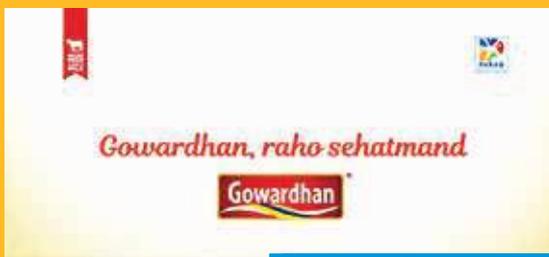
As a dairy FMCG, we consider marketing as an essential component of our consumer-centricity. We use it to make consumers aware of how our products contribute to enhancing their and their families' health and fitness. We connect with our consumers across media, channels and platforms. We are turning up our focus on the consumer segments from Tier-II and Tier-III towns with a differentiated marketing strategy to drive our acquisition efforts.

Being healthy with Gowardhan

Among our key consumer outreach campaigns is **'Gowardhan, raho sehatmand'** through TV commercials.

It focuses on the health benefits of consuming ghee made from 100% cow milk, and targets the Hindi-speaking markets through TV channels such as Aaj Tak, India TV, ZEE News, Republic Bharat, News18 India, News 24, News Nation, Marathi channels such as TV9 Marathi, ZEE 24 Taas, News18 Lokmat and Gujarati channels such as ABP Asmita, News18 Gujarati and TV9 Gujarati.

The TVC is backed by a print media campaign across certain key cities of the South namely Chennai, Coimbatore, Madurai and Pondicherry, showcasing the entire range of products under brand Gowardhan such as Gowardhan Swarna Ghee, Paneer, Gowardhan Gold milk and Gowardhan 'Rich 'n' thick' Dahi.



Making everything tasty with Go Cheese

One of our most popular campaigns for Go is **'Har tasty cheez mein hai Go Cheese'**, which translates into 'everything that's tasty has Go Cheese in it'. The TVC features mouth-watering visuals of dishes that Indian consumers enjoy cheese with and has been airing on HSM news channels as well as Gujarati and Marathi language channels.

The campaign has helped draw attention to our new launches in this category that include Go Cheese Blend, (already a popular product in HORECA now getting extension to consumer), which is a blend of mozzarella and cheddar cheese in the form of cubes, Go Four Cheese, which is a combination of Cheddar, Monterey Jack, Mozzarella and Colby, Go Cheese processed angles, and Go Cheese Jalapeno Cheese Slices, which are jalapeno flavoured cheese slices for that extra burst of flavour.





Among the campaign’s most recent successes has been our social media engagement with consumers through the hashtag #PakNahiKuchPaka. We asked people on social media to try out a recipe using Go Cheese during the lockdown period and declared prizes for the best recipes. We reached more than 4.5 Lakh people with this campaign.

Getting it right with Avvatar

Avvatar helped consumers kickstart the year 2020 with #KarTohSahiKar campaign. Celebrity fitness trainer Shivoham launched the Avvatar Transformation Guide, which features diet plans designed by the expert himself.

The campaign also followed up with a consumer offer that became a first in the category – with freebies like shaker and a gym bag, on all SKUs regardless of size.

In March, as the Coronavirus outbreak took hold and people began to stay at home, we launched our **Stay Home Stay Safe** campaign. It not only helped spread awareness of the need to take precautions but also motivated people to keep working out while staying indoors.

The campaign gave consumers tips on how to continue working out at home as well as diet for better health.



#RaiseAGlass of milk to the moms

Our ultra-premium brand Pride of Cows used an innovative way to engage with the consumers. We connected with mommy groups over WhatsApp on World Milk Day as part of our #RaiseAGlass campaign and asked them to share the innumerable creative ways in which they persuade their children to drink milk. We ran a contest for the best ideas, which were then shared on our Pride of Cows Facebook Page.



Our Social Responsibility

An organisation connected with the grassroots

Parag Milk Foods Ltd. is the result of the vision of India’s ‘new-age milkman’, Mr. Devendra Shah, to fulfil the aspirations of India’s farmers. He had started by collecting surplus milk from farmers on ‘milk holidays’ during the days of India’s White Revolution.

PMFL was born of the sense of responsibility to put this ‘surplus milk’ to good use and thereby benefit the farmer, rather than see it go waste. PMFL achieved this through distribution support and innovation, leading to value-added dairy products. Thus, innovation has always been the centrepiece of our value creation efforts at PMFL.

PMFL provides support to dairy farmers through participation within a much larger ecosystem that fulfils consumer needs for good taste, health and nutrition.

Key among the ways in which we support dairy farmers is transparency in procurement prices, offer of cattle feed at subsidised rates, vaccinations for cattle and free health camps. No matter how much the farmer produces, we are always willing to procure the milk.

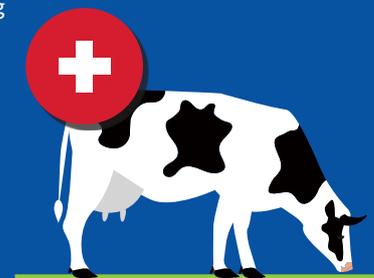
2,00,000+

Farmers make up our milk supply network in 29 districts across the five states of Maharashtra, Andhra Pradesh, Karnataka, Tamil Nadu, and Haryana

Our social responsibility

Our Corporate Social Responsibility is tied closely to the well-being and welfare of the communities surrounding our facilities.

Shelter and care for old, abandoned animals, particularly cows



Our key initiatives for FY 2019-20

- 1 We supplied milk daily to 32 deaf school children in the Narodi village of Ambegaon taluka in the Pune district of Maharashtra
- 2 We celebrated Independence Day and Republic Day by distributing snacks amongst 3,000 students in all the schools as well as the Junior College of Awasari Khurd
- 3 We are providing shelter and care for old, abandoned animals, particularly cows, at two centres (Panjrapole) in Eklare and Jalukay
- 4 During the floods last year in Maharashtra in the months of August and September, we provided food, grocery and essentials to people in Sangali and Kolhapur region



5

We organised a cancer camp at SDH Manchar, Ambegaon Taluka, benefiting ~750 people

6

We arranged for 38 students from underprivileged backgrounds to undergo the MS CIT Course as a means to help them become employable

7

We took more than 300 farmers on a study tour of Bhagyalaxmi Dairy Farm, to demonstrate best practices in dairy farming aimed at helping them to improve their cows' milk yields

Support in times of COVID-19

As the pandemic hit Indian shores, we began gearing up to provide extensive support to our community to help tide over an unknown crisis

We began planning our operations from the 2nd week of March, which was put into action within a week's time.

We began distributing healthy meals prepared in the Company canteen at our Manchar plant to more than 2,500 people. The activity continued for three months until mid-May



At the Government Hospital in Manchar, we provided meals for more than 500 migrants crossing the area daily to get back to their hometowns. We also provided daily meals for more than 100 indoor patients and staff, including doctors, at the hospital. The activity was continued for nearly three months

We began sanitising densely populated villages, namely Manchar, Ghodegaon Kalamb, Awasari

We also began distributing grocery kits to nearly 5,000 needy families within these communities

We have provided more than 1,000 N-95 masks to the frontline healthcare workers in the villages of Ambegaon Taluka



Board of Directors

Providing us vision to achieve

1 Mr. Devendra Shah Chairman

PMFL has grown consistently under the leadership and vision of Mr. Devendra Shah. He brings enthusiasm and innovation to the business and has enhanced the Company's revenue exponentially. It is with him at the helm that PMFL has established the largest cow farm in India at Bhagalaxmi Dairy Farm. His vision and innovative skills are well known in the industry.

2 Mr. Pritam Shah Managing Director

The overall execution strategy of the Company and consolidation of Company's market presence, all fall under the purview of Mr. Pritam Shah in his current capacity. It is on account of him that the Company is able to compete globally by employing the most advanced manufacturing technology. His extensive knowledge and robust understanding of procurement and production processes has played a crucial role in improving PMFL's performance.

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

Mr. B.M. Vyas has had a long stint in the dairy industry and is the former Managing Director of GCMMF (Amul). He serves as an advisor to the top management and assists in the creation of efficient and effective growth strategies. He is closely involved in monitoring the entire gamut of the business processes from the perspective of sales and distribution. He also serves in the capacity of an advisor to the Chairman of the Board on various issues. He is Chairman of the Stakeholders Relationship Committee, Chairman of Corporate Social Responsibility Committee and Member of Nomination & Remuneration Committee.

4 Mr. Sunil Goyal Independent 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, he is a qualified Chartered Accountant and is an Independent Director on our Board and a member of the Audit Committee.





5 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 the Audit Committee and Corporate Social Responsibility Committee.

7 Mrs. Radhika Pereira Independent Director

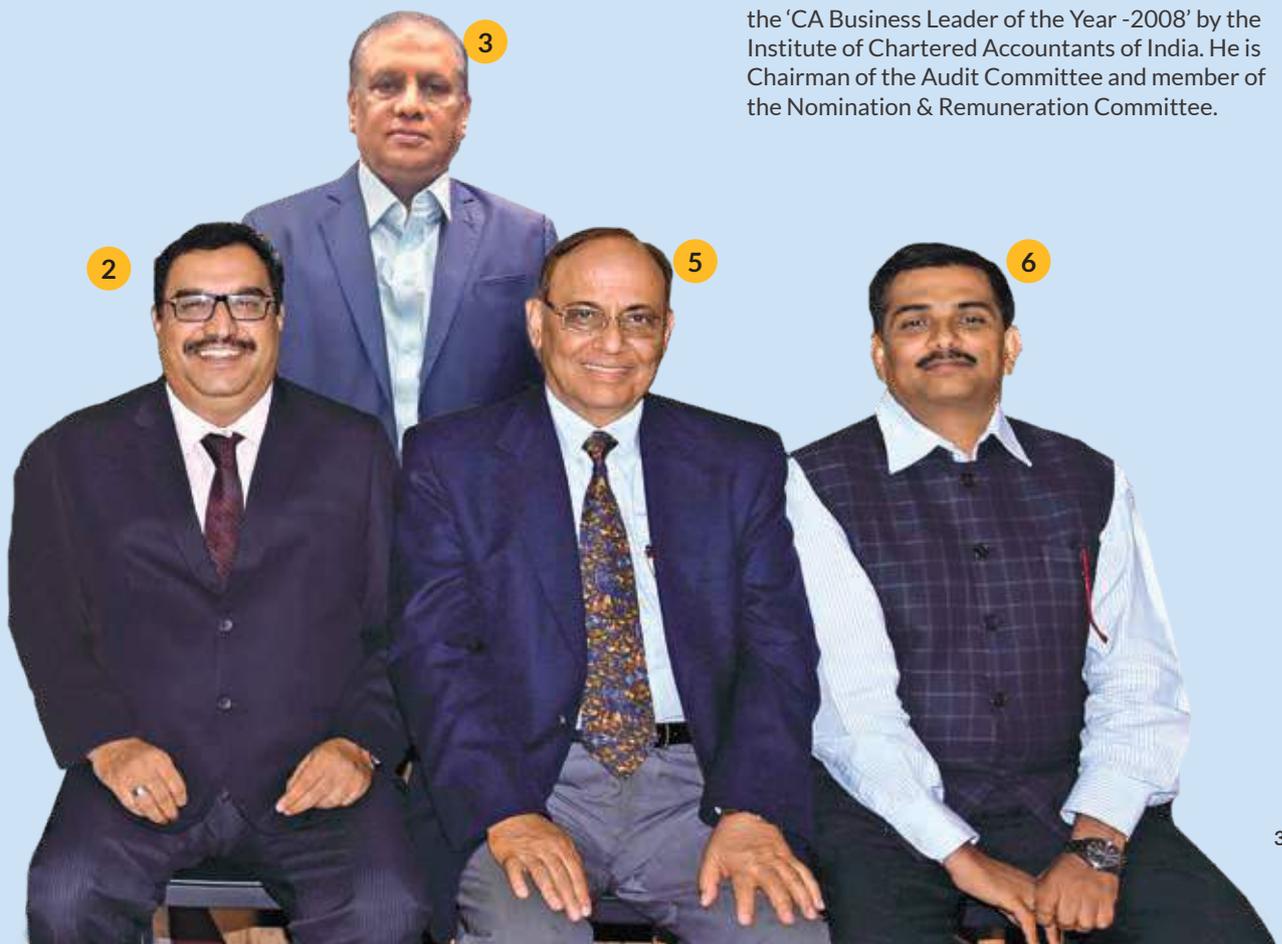
Mrs. Radhika Pereira holds a bachelor's degree in Law from Harvard University. After her articleship with M/s Mulla & Mulla and Craige Blunt & Caroe, she completed her post-graduation from Cambridge and Harvard. On returning to India, she worked for some time with Arthur Andersen and in the year 1996, 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 the 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 & Remuneration Committee and member of the Audit Committee and Stakeholders Relationship committee.

8 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 the Audit Committee and member of the Nomination & Remuneration Committee.



Management Team

Guiding us to our goals



Mr. Shashikant Dalmia **Chief Financial Officer (CFO)**

Responsible for the overall financial functions of the Company, Mr. Shashikant Dalmia is a Chartered Accountant by qualification. With his rich experience, he has demonstrated his ability to drive profitable business growth in consumer product companies. He oversees Financial Reporting, Budgeting, Forecasting, Information Technology, Business Finance, Treasury and Process Mapping of the Company.



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

An MBA in Family Managed Business from S.P. Jain Institute of Management & Research, she is actively involved in branding, marketing & advertising strategy, category intelligence & competitive analysis. She has also played a key role in revamping the corporate identity of the Company.



Mr. Shirish Upadhyay **Sr. VP - Strategy**

Mr. Upadhyay has 20+ years of experience in dairy and has spent 12 years with GCMMF (Amul). He has been associated with the Company since 2010, during which he was responsible for strategic planning and operations. For a brief time in 2017-2019, he advised the management on company strategy and operations, and joined the Company again on July 2019. He has a bachelor's degree in Science from Sardar Patel University and a master's degree in Business Administration from Bhavnagar University.



Mr. H.S. Oberoi
President – Cheese Manufacturing

A Mozzarella Cheese manufacturing expert, he 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 in Palamaner.

Risk Management

Staying the course on the path to value creation

Business success and growth depend on foresight and the capability to execute. For nearly 30 years, we have grown by keeping a keen eye on the macroeconomic environment and navigating challenges, while focusing solely on delivering value to the consumer.

At PMFL, we have a robust mechanism for identifying and monitoring risks and ensuring steps to mitigate these. Our strategies are based on the need to maintain, first and foremost, business continuity. Our success in ensuring this

during the ongoing COVID-19 crisis is a testament to our ability to foresee risks and respond appropriately.

We continue to learn and enhance our risk management framework and mechanism with a view to protecting and enhancing long-term profitability.

Our risk management framework

Risks  Economic and political environment	 Distribution and channel transformation	 Constantly evolving consumer preferences
Description <p>Risks arising from economic and political uncertainties, both regional and local, such as economic recession, legal and regulatory changes, changes in trade boundaries, inflation, exchange rate fluctuations or social unrest and political movements have the potential to impact both sales and profitability.</p>	<p>There may be a negative impact on our operating margins as a result of unfavourable trade terms arising from the emergence of e-commerce distribution channels and buying alliances.</p>	<p>The tastes and preferences of our consumers are evolving constantly. As a dairy FMCG, we keep tabs on these changes and roll out products accordingly. Failure to do so could lead to loss of customers and revenue.</p>
Mitigation strategy <p>We have contingency plans in place for uncertain events that might impact business continuity. The risk mitigation measures include among others scenario planning, supplier management, short-term liquidity management, prudent balance sheet measures.</p>	<p>We have developed end-to-end capabilities - an extensive supply chain network at the back-end and a strong distribution network at the front. This ensures timely availability of products for consumers.</p>	<p>We are strong on research and development and drive innovation across products, packaging as well as our distribution processes. Being a vertically integrated FMCG dairy, we invest heavily in marketing to provide us with consumer insights and to maximise depth in our categories as well as increase chances of cross-sell.</p>



Disruptions in Supply chain



Non-Compliance



Raw Material Prices

Supply chain could be impacted due to several reasons - both environmental and economic. This can result in delays and lead to a loss of customers and consequently revenue generation, impacting the brand image overall.

Changes in legal and regulatory environments tend to increase the risk of non-compliance with local and global laws and regulations, potentially leading to claims, enforcement and damage to reputation.

Sales are directly impacted by milk volume and volatility in prices. High price becomes a barrier to raw material procurement.

We have a robust supply chain network. Our end-to-end capabilities ensure that we can maintain supply and minimise the possibility of delays. Our collection centres are built at the village level and the milk is kept chilled to preserve its freshness.

Adherence to legal compliance in our risk and controls system, and the establishment of good governance practices and processes, piloting implementation and compliance with the Company Rules and Code of Conduct.

We aim to reduce exposure due to commodity pricing by relying more heavily on value creation and enhancing our brand exposure and product sales.

Management Discussion and Analysis

FOCUSED ON ESSENTIALS. OPTIMISED TO GROW.

India accounted for over 20% of the global milk production for FY20. At 187 Million tonnes of milk produced during FY20, it is the largest milk producer globally. The industry is witnessing steady growth, with milk production having increased at a 20-year CAGR of 4.5%, balancing with similar domestic consumption levels.

However, India's per capita milk consumption stands at a meagre 0.3 litres per day, having grown by a moderate 5% CAGR between 2012 and 2019. Our per capital consumption of 97 litres per annum is significantly lower compared to that of EU at 281 litres, USA at 285 litres and Russia at 220 litres. This is despite India being a milk drinking nation. The society values dairy products as an important source of protein given that India is home to the largest population of vegetarians in the world.

The Indian dairy market itself is worth ₹ 10,516 Billion, of which unorganised market accounts for 71%, on account of traditional linkages to the agri economy, while the rest 29% is accounted for by the organised players. A good 54% of the milk is produced by dairy farmers is for self-consumption; balance 46% is marketable. Only 30% of the marketable milk goes to the organised segment and balance is with unorganised players. 55% of the organised player milk is sourced by private players, while 45% goes to co-operatives.

Traditional milk products such as milk, ghee, paneer and curd are growing at a CAGR of 18%, which is low compared to 26% CAGR for modern products such as UHT milk, flavoured milk, cheese and whey. These vastly different growth numbers are due to a number of socioeconomic changes occurring within the Indian society, chief among which are steady growth in the rate of urbanisation and a growing young population, together with a burgeoning middle class and a rise in disposable incomes.

Therefore, a major shift towards organised players is underway in the Indian dairy market. It is a window of opportunity for organised players. PMFL, a modern, technology-driven dairy FMCG is enabling this shift by **focusing on the essentials** of growing brand trust on the basis of superior quality, coupled with strategic changes that make it **optimised to grow**.

ECONOMIC OVERVIEW

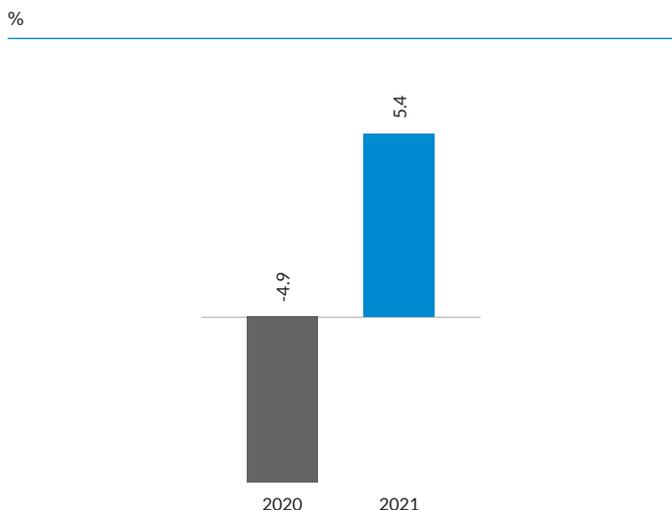
Global Economy

The world economic growth slipped to 2.9% in 2019, from 3.6% in 2018, as per the International Monetary Fund (IMF) in its World Economic Outlook (WEO) of June 2020. Multiple factors contributed to this, chief among which were lower growth in emerging economies, uncertainties due to trade tensions between the US and China and no-deal Brexit, leading to lowering of consumption demand, affecting fresh investments. Towards the end of 2019, however, these factors were on the wane and 2020 seemed to start on a positive note, with the US and China reaching phase-I of their trade agreement; also, a hard Brexit became less and less likely. However, the end of 2019 also marked the outbreak of the Novel Coronavirus (COVID-19), which became a pandemic by January, slowly engulfing the global economy. Countries responded with nation-wide lockdowns as global supply chains got disrupted, completely destabilising growth.

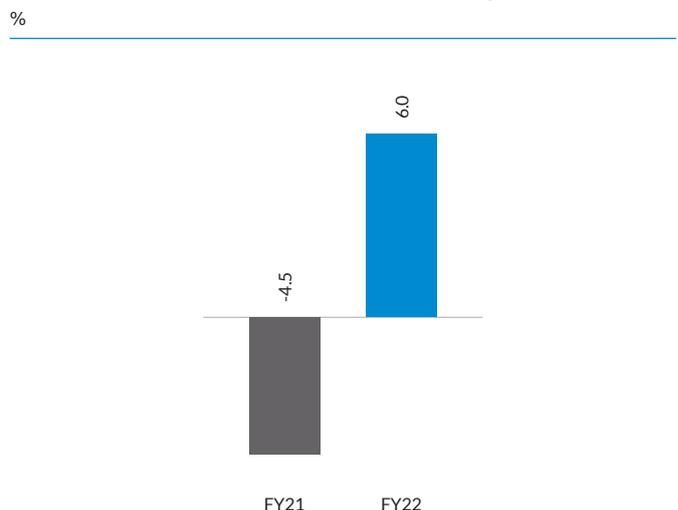
Outlook

As per the WEO forecast of June 2020, the global economy is set to de-grow to -4.9% in 2020 under the impact of the COVID-19 pandemic. It is possible that the path to recovery be even slower than projected as small businesses struggle with recovery. This is because consumption levels continue to remain low on account of the economic impact in the form of job losses and lower cash flows as well as stringent social distancing measures and other

IMF Growth Forecast for World GDP



IMF Growth Forecast for Indian economy





uncertainties. However, global growth is expected to bounce back to 5.4% in 2021.

Indian Economy

FY20 was a year that witnessed subdued growth as compared to the previous year due to uncertainties in the global economy, lower investments and an overhang of a liquidity crisis, which led to an adverse impact on demand and an overall slowdown of the economy. There was a minor uptick in the third quarter, however, when prospects were marred by the COVID-19 outbreak sparking fears. As per provisional estimates of GDP by the National Statistical Office, May 2020, India's economy grew by 4.2% during FY20. The primary sector (agriculture and allied activities) witnessed increased growth to 4% in FY20 from 2.4% in FY19 while that of the manufacturing sector dropped to 0.03% in FY20 from 5.7% during the previous year.

Towards the end of the financial year, however, the COVID-19 outbreak had resulted in a massive negative impact on the economy. Nation-wide lockdowns ensued, bringing consumption of goods and services to a near standstill, except for essential items and healthcare.

Outlook

The pandemic has had a severe impact on the Indian economy due to the nation-wide lockdown instituted in the 3rd week of March, which was extended until May-end. For FY21, the IMF expects the Indian economy to contract by 4.5%. This despite the Government of India's measures aimed at activating economic recovery through an economic revival package of ₹ 20 Trillion. Named 'Aatmanirbhar Bharat', the package, equivalent in size to 10% of the Indian GDP, is aimed at enabling small and medium-sized enterprises chart their path to recovery.

These measures are backed by a growing call for a self-reliant India, with messages like 'Vocal for Local' providing impetus to the local industry players. The Reserve Bank of India (RBI) has responded with measures to boost liquidity and ease the availability of credit, especially for the vulnerable sections like the micro, small and medium-sized enterprises (MSMEs).

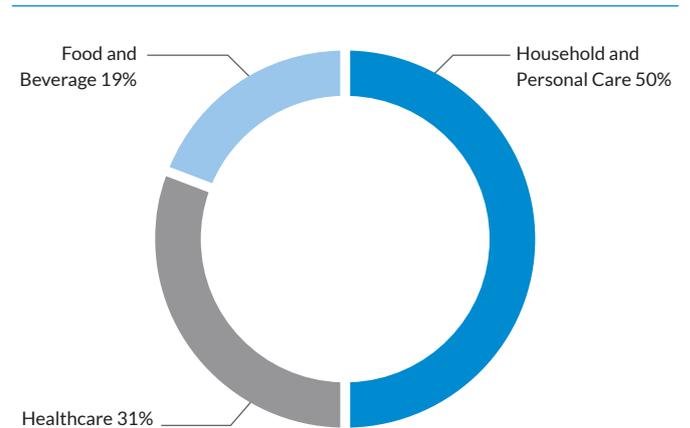
The IMF expects the Indian economy to revive by FY22 and grow by 6% during this period.

INDUSTRY OVERVIEW

Fast-Moving Consumer Goods (FMCG)

The Fast-Moving Consumer Goods or FMCG segment is the fourth largest sector in India. In FY18, the FMCG market was valued at US\$ 52.75 Billion and by 2020, it is expected to grow to US\$ 103.7 Billion.

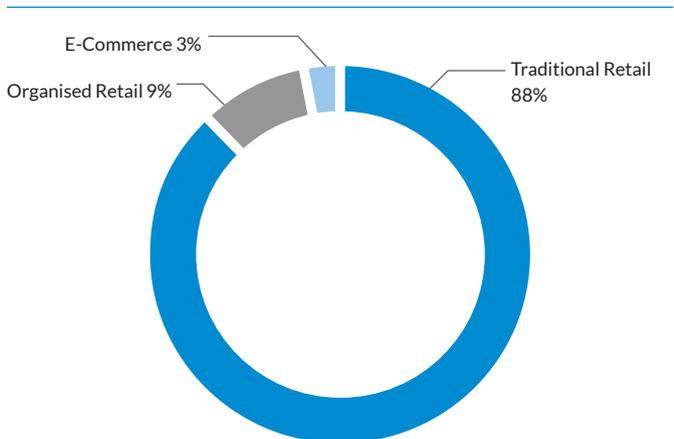
FMCG Industry Composition



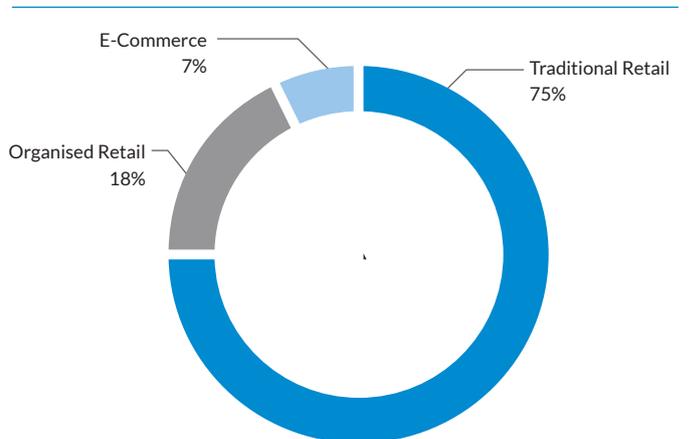
(*Source: IBEF, June 2020)

Around 50% of FMCG sales comprised household and personal care (HPC) segments, while food and beverages accounted for nearly 19% of the total FMCG sector. Nearly 55% of all revenue generated is from the urban region, while the rural region accounted for the balance. The sector continues to grow at a rapid pace.

Indian Retail Industry Composition (FY18)



Indian Retail Industry Composition (FY22)



Source: Deloitte Report for Retailers Association of India, February 2019

Outlook

Growing internet penetration, changing consumer preferences towards branded products as a result of the rise of disposable incomes and urbanisation augur well for the Indian FMCG sector. The digital economy offers a wide range of conveniences to the consumer, especially appreciated in times of COVID-19.

The retail market is estimated to surpass ₹76.87 Trillion by 2022. Traditional retailing, organised retail and e-commerce accounted for 88%, 9% and 3% respectively of the retail market in FY18, which is expected to shift to 75%, 18% and 7% respectively by FY22. Organised retail, being a prime beneficiary of this shift, is expected to grow at a rate of 20-25% p.a. going forward.

Food and grocery account for over 65% of the retail market in India. Going forward, the Indian retail market is expected to grow at a CAGR of 7.8% between FY21 and FY26. These factors point to the growth of the organised sector, as rising income levels, as well as brand awareness create preferences for premium products across geographies and consumer segments.

Growth Drivers

- **Consumer preferences are changing:** Changing lifestyles and food habits on the back of rising income levels, have led the consumer to gravitate towards the organised sector. This is evident from a steady decline in the share of the unorganised FMCG market. Modern retail and phygital models contribute to the growth of the FMCG sector.
- **Increasing urbanisation:** Growth of the young working-class population in urban areas is the key driver of changing market trends. Growth in disposable incomes is fuelling brand consciousness as brands are seen to be more trustworthy due to better quality control and hygiene – a factor that is particularly important in the post-COVID-19 scenario. The demand for ready-to-eat or DIY and instant products is on the rise as dual-working households generally face time constraints and a majority of the youth are unable to cook for themselves.
- **Scope for higher penetration:** The current penetration levels of branded products like instant foods are still at a nascent stage, indicating a massive potential for growth. The FMCG sector continues to witness fresh investments due to the perennial nature of demand, with additional seasonal demand. The government too is taking measures to encourage more efficient value chains with incentives for development of food parks, which fall under the food processing industry. Today, India has 17 food parks and 42 food labs, which indicates the pace of research and innovation.
- **Digital support for distribution:** The rise of digital economy is greatly aiding the growth of the FMCG sector as it offers the consumer superior convenience, access to a wider range of products and transparency in pricing. Younger consumers are rapidly adopting the e-commerce route of purchasing FMCG goods, which contributes to the wider logistics and packaging ecosystem as well. This technology adoption is set to grow in rural (rural + urban) markets as well.

Government Initiatives

The Government of India has taken the following initiatives to encourage the growth of the FMCG sector:

- Approval of 100% foreign direct investment (FDI) in the cash-and-carry segment and in single-brand retail along with 51% FDI in multi-brand retail.
- Passed a new Consumer Protection Act in 2019, with emphasis on setting up an extensive mechanism to ensure simple, speedy, accessible, affordable and timely delivery of justice to consumers.
- The FMCG industry is set to benefit from the Goods and Services Tax (GST) as various FMCG products now fall under the 18% tax bracket. GST on food products and hygiene has been reduced to 0-5% and 12-18% brackets respectively.
- Food Security Bill (FSB) is expected to reduce food prices for families living below poverty line (BPL), allowing more income to be spent on other consumables, boosting demand for FMCG products.
- Relaxation of licence rules for almost all food and agro-processing industries, barring certain items will enable growth in the sector.

Indian Dairy Industry

India is the largest milk producer globally, contributing to over 20% of global milk production. Milk production in India touched 187 Million tonnes in FY20. Consuming over 181 Million metric tonnes during the same period, India is also the largest consumer of milk. Despite high production and consumption of milk, the industry is characterised by low per capita consumption compared to other countries.

The Indian dairy market was worth ₹ 10,516 Billion in 2019. The organised players have captured around 29% market share, reaching at ₹ 3,052 Billion, whereas the unorganised market comprising 71% has reached ₹ 7,464 Billion. By 2020, the overall market is expected to reach ₹ 12,163 Billion growing at ~13.87% CAGR (2010-2020). The organised market is expected to grow to 30.1% amounting to ₹ 3,665 Billion, whereas the unorganised component is expected to shrink to 69.9% to ₹ 8,498 Billion by 2020.

Outlook

Milk production and consumption levels are expected to reach annual volumes of 213 Million tonnes and 209 Million tonnes respectively by FY24. The dairy industry is expected to grow at a 5-year CAGR (2018-2023) of 15.7% to reach ₹ 18,972 Billion by 2023. The organised market is expected to account for a 33.7% share in 2023 and grow at a 5-year CAGR (2018-2023) of 20.1% to ₹ 6,392 Billion. The unorganised market, on the contrary is expected to grow at a 5-year CAGR (2018-2023) of 13.8% to ₹ 12,581 Million.

(Source: Imarc Research)



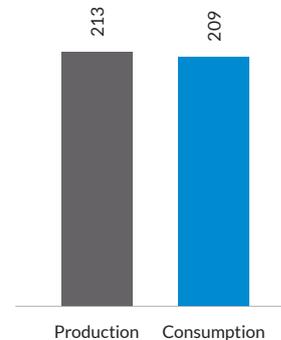
Government Initiatives

The government has implemented various policies and schemes that are favourable for the growth of the dairy industry:

- Intensive Dairy Development Programme (IDDP):** With the objective of enhancing milk production and improving the entire dairy supply chain through financial and technical aids, this scheme is targeted towards non-operation flood, hilly and backward areas with the objective of operation enhancing milk production and improving the dairy supply chain. Plants with over 20,000 litres of milk production capacity per day can avail loans. The scheme has already benefited close to 1.9 Million farmer families. Under this scheme, milk chilling capacity of 1.9 Million litres per day and processing capacity of 2.4 Million litres per day have been created, which serves to support the overall dairy industry and helps it grow. Stronger the ecosystem, better the prices the farmers would get and thus, farmers would pay more attention to the business, even driving further investments, leading to large-scale overall growth.
- Strengthening Infrastructure for Quality & Clean Milk Production:** Aimed at the farmer communities, the scheme aims to strengthen the existing infrastructures, provide support in building new ones and promote clean milk production.
- National Programme for Bovine Breeding:** The programme was introduced with the objective of genetic upgradation by bringing all breedable females among cattle under organised breeding through natural service of high quality bulls or artificial insemination.
- Accelerated Fodder Development Programme:** The scheme has been implemented with the purpose of promoting fodder cultivation and animal feed processing to improve cattle productivity.
- Dairy Venture Capital Fund Scheme:** The scheme is implemented through NABARD with the objective of promoting new ventures in the dairy sector, in support of businesses seeking to grow. Assistance is provided to bankable projects with a 50% interest free loan component, with the entrepreneur contributing 10% seed capital and availing 40% from his/her local bank. The government subsidises the interest component of the loan if there is regular payment.
- National Dairy Plan:** The purpose of the initiative is to grow the milk production annually. It aims to strengthen milk production in major milk producing areas and expanding production infrastructure. This scheme also proposes to bring ~65% of surplus milk produced under the organised sector for procurement, against 30% in FY18.

The market for Milk in India: Projections for FY24

%



(Source: Imarc Research)

Growth Drivers

India is one of the youngest economies, with more than 60% of the population in the working age group of 15-59 years. As a result, the lifestyle and dietary patterns of the Indian population continue to change.

Demography: India's working population i.e. those between the ages of 15 and 59, are expected to rise from 60.1% in 2011 to 65.1% in 2036. Similarly, the urban population is expected to witness an increase from 31.8% in 2011 to 38.6% by 2036. With a growing working population and rapid urbanisation, the FMCG and organised dairy industries are bound to grow.

Disposable incomes are growing: India's population continues to grow. During recent years, there has been a notable rise in incomes, leading to a more participative economic growth. Rising income levels enable more people to spend more on milk and milk products due to improving lifestyles.

Change in dietary patterns: With a rise in disposable incomes, people's tastes and preferences have evolved along with their diet. Changing lifestyles and eating patterns, with higher health consciousness are leading to a move from the unorganised to organised players. This is especially true for natural and safe products, leading to higher growth in the organised dairy segment.

COMPANY OVERVIEW

One of India's leading dairy FMCG companies, Parag Milk Foods Ltd. (PMFL) was founded in 1992. The Company today boasts of over 10+ consumer-centric products, with a focus on helping

consumers improve health and nutrition. From producing only fresh milk and skimmed milk powder (SMP), the Company has come a long way in becoming a manufacturer of a wide range of value-added products such as cheese, ghee, paneer, curd, dairy based beverages, whey protein etc. The Company has successfully combined the best aspects of both co-operatives and FMCG companies to grow over the years. These practices include partnering closely with the dairy supply chain, devising effective processes to increase the shelf life of milk, planning a cost-efficient distribution network aided by targeted marketing and utilising the technologies to create sustainable value for all stakeholders. PMFL has four highly successful brands, namely Gowardhan, Go, Pride of Cows and Avvatar. These brands encompass all the segments – premium, modern and traditional, providing the Company diverse growth opportunities.

The Company's manufacturing facilities are strategically located at Manchar in Maharashtra, Palamaner in Andhra Pradesh and Sonipat in Haryana, to widen the distribution reach. The Bhagyalaxmi Dairy Farm, a state-of-the-art facility, equipped with the latest technology, is one of the most advanced facilities in India. PMFL's goal is to leverage innovation, focusing on the health and nutrition of the consumers to become the largest dairy FMCG in the country.

PRODUCT CATEGORIES

Liquid Milk

Liquid milk market was sized at ₹ 4,802 Billion in 2019 and is expected to be a ₹ 5,564 Billion market in India in 2020, growing at a 10-year CAGR (2010-2020) of 14.22%. During 2019, ~67% of all milk sold in India, amounting to ₹ 3,199 Billion is through the unorganised segment, while the balance 33% or ₹ 1,603 Billion is through the organised chain. There has been a shift in consumers towards packaged milk because of hygiene and quality concerns. Packaged milk also provides added convenience and better shelf life, than loose milk. These are the main factors for the organised segment to grow at a faster pace than the unorganised sector in India.

The organised sector is highly fragmented, as the majority of the organised milk is sold in poly pack pouches, having a shelf life of ~48 hours. This requires a highly localised distribution network to supply fresh milk. There are several regional players and co-operatives across different markets, catering to market-specific needs.

Going forward, the organised liquid milk market is expected to grow at a 5-year CAGR (2018-2023) of 20.9%, reaching a total value of ₹ 3,463 Billion by 2023, comprising ~39% of the total liquid milk market in India.

(Source: Imarc Research)

PMFL'S ACHIEVEMENTS

PMFL is the biggest private player in the Mumbai market. The Company also has a strong presence in the urban parts of West and South India.

Ghee

Ghee is a traditional ingredient in Indian households and is used as a cooking oil. After liquid milk, ghee is the second largest segment in the Indian dairy industry. The market size of ghee in 2019 was ₹ 2,273 Billion and is expected to be ₹ 2,616 Billion in 2020, growing at a 10-year CAGR (2010-2020) of 12.45%. As much as 18% of the total ghee production is currently from the organised sector and is growing at a rapid pace.

The total ghee market is expected to grow at a 5-year CAGR (2018-2023) of 15.1% to reach ₹ 4,023 Billion by 2023. Of this, the organised sector is expected to be worth ₹ 821 Billion, while the unorganised sector will make up ₹ 3,202 Billion in 2023.

(Source: Imarc Research)

PMFL'S ACHIEVEMENTS

PMFL is not only a pioneer of the 'Cow ghee' segment but is also the most sought-after brand in this space. Cow ghee commands greater margins and is growing at a faster rate as compared to the overall ghee segment.

Cheese

Cheese is one of the fastest growing dairy segments in India. The market size of cheese in 2019 was ₹ 28.7 Billion. By 2020, it is expected to cross ₹ 36.6 Billion and grow at a 10-year CAGR (2010-2020) of over 26.1%. The major drivers behind this growth are the changes in dietary preferences of consumers, as well as growth of the Quick Service Restaurants (QSR) sector. In India, Maharashtra is the biggest consumer of cheese, followed by Gujarat, Delhi, Tamil Nadu and Uttar Pradesh.

Going forward, the cheese market is expected to grow to ₹ 73 Billion by 2023, growing at a 5-year CAGR (2018-2023) of 26.4%.

(Source: Imarc Research)

PMFL'S ACHIEVEMENTS

Apart from having a large consumer portfolio, PMFL is also a dominant cheese player in the institutional and Hotels, Restaurants and Catering (HORECA) segment. The Company has introduced various innovative products in this segment and has achieved a dominant position, garnering over 35% of the market share.

Paneer

Paneer is the third largest segment in the milk products category. Its market size in 2019 was ₹ 317 Billion and by 2020 is estimated to reach ₹ 365 Billion, growing at a 10-year CAGR (2010-2020) of over 14.05%. Indian households across the country consume paneer as a staple food. Paneer is an integral part of many traditional and modern Indian recipes, which are



equally popular amongst kids, younger and older generations. The organised segment, amounting to only ₹ 11 Billion (3.5%), is growing due to an increase in demand for packaged paneer on the back of concerns related to hygiene and people discovering a consistent taste with the product.

Going forward, the total market is expected to grow at a 5-year CAGR (2018-2023) of 14.9% to ₹ 555 Billion in 2023, with the organised market growing at a CAGR of around 20.6% during the same period, accounting for ₹ 23 Billion (4.14%).

(Source: Imarc Research)

PMFL'S ACHIEVEMENTS

PMFL makes its paneer from 100% cow milk and has leveraged innovation in manufacturing and packaging to enhance the shelf life of its products. Gowardhan Paneer is the only fresh paneer available in the market with a high shelf life of 75 days.

Curd

While curd was essentially made at home, it has transformed into a product that is now branded and packaged. The curd market was ₹ 884 Billion in 2019 and by 2020, is expected to cross ₹ 1,024 Billion, with a 10-year CAGR (2010-2020) of 14.05%. There has been rapid growth in the organised curd segment with a CAGR of 18.8% over the same period to ₹ 84 Billion. Higher growth has been witnessed in metros as compared to rural areas.

Going forward, the total market for curd in India is expected to grow at a 5-year CAGR (2018-2023) of 15.4%, to ₹ 1,573 Billion and the organised sector is expected to reach ₹ 146 Billion in 2023, growing at a CAGR of 20.3%.

(Source: Imarc Research)

PMFL'S ACHIEVEMENTS

PMFL has a significant presence in major metros like Mumbai, Pune, Nagpur, Hyderabad, Bengaluru & Chennai and is now expanding into NCR and nearby markets of the North and East. The Company's curd is made from pure cow milk and follows a distinct home-made recipe, setting it apart from its peers.

Ultra-High Temperature (UHT) and Beverages

India's UHT milk market in 2019 was ₹ 63.3 Billion and by 2020, it is estimated to reach ₹ 79.5 Billion, growing at a 10-year CAGR (2010-2020) of over 25.2%. UHT Milk is growing at a rapid pace

in metros because of advantages such as safety, convenience and a longer shelf life. Areas with milk deficiency are increasingly adopting milk powders and UHT milk. Going forward, the market is expected to grow at a 5-year CAGR (2018-2023) of around 25.3% to ₹ 155.3 Billion in 2023.

Another segment growing at an extremely rapid pace is the flavoured milk segment. In 2019, the flavoured milk market was ₹ 35.3 Billion and by 2020, the market size is estimated to reach ₹ 44.5 Billion, growing at a 10-year CAGR (2010-2020) of over 24.19%. As Indian consumers are substituting carbonated drinks for healthier alternatives, the use of a single serve, re-sealable bottles and tetra packs has made distribution and consumption a lot more convenient. The market size of the flavoured milk market is expected to reach ₹ 87.9 Billion in 2023, growing at a 5-year CAGR (2018-2023) of 25.4%.

Lassi and buttermilk (chach) are other popular beverages in India. During 2019, the lassi market was estimated at ₹ 31.3 Billion, while the buttermilk market was ₹ 85.7 Billion. By 2020, the lassi market is expected to grow to ₹ 38.5 Billion, at a 10-year CAGR (2010-2020) of 21.7%. Going forward, the lassi market is expected to grow at a 5-year CAGR (2018-2023) of 22.5% to ₹ 70.5 Billion by 2023. By 2020, the buttermilk market is expected to cross ₹ 105.7 Billion, growing at a 10-year CAGR (2010-2020) of 21.89%. Going forward, the buttermilk market is expected to grow at a 5-year CAGR (2018-2023) of 22.7% to ₹ 195.0 Billion by 2023.

(Source: Imarc Research)

PMFL'S ACHIEVEMENTS

PMFL is the largest private player in the UHT milk segment.

Whey Protein

Whey protein is sold in both the sports nutrition segment and consumer nutrition segment. The market for whey protein in 2019 was ₹ 6.6 Billion and by 2020, it is expected to reach ₹ 8.1 Billion, growing at a 10-year CAGR (2010-2020) of 20.08%. While almost 100% of whey protein products in the sports segment are imported, the health and nutrition market is dominated by a few large MNCs. By 2023, the market is expected to grow at a 5-year CAGR (2018-2023) of 22.3% to ₹ 14.8 Billion.

(Source: Imarc Research)

PMFL'S ACHIEVEMENTS

PMFL is the only player in India manufacturing high value-added whey protein from scratch, that too from 100% cow milk. The Company's brand of whey protein, Avvatar, in the sports nutrition category is growing rapidly in the market. This category has higher margins and thus, PMFL has targeted to launch more products in this segment with the aim of garnering ~7% contribution to the Company's total revenue from this segment.

Outlook

PMFL has identified a number of strategic priorities to deliver on profitability and sustainable growth. The Company maintains a strong oversight of its performance, which has led to scaling back of a few initiatives while finetuning its strategies during the year under consideration. Its decision-making is driven by data and it is focused on becoming a leaner, more agile organisation. The capabilities that will help the Company scale up and drive focus on aspects that are core to its profitability are as follows:

Achieving greater efficiency: The Company has renewed its focus on improving efficiency within its systems and processes through leveraging of technology wherever possible, including automation. It will also enhance its customer service to ensure its resources are optimally engaged. Its Bhagyalaxmi Dairy Farm facility is fully automated, producing milk untouched by human hand, and marked under the brand 'Pride of Cows'. The Company has integrated data-driven analytics throughout its Enterprise Resources Planning, and monitors its distribution process and sales with the help of advanced technology.

Leveraging brand strengths: PMFL's brands such as Gowardhan and Go are well-recognised in the market as they feature category leaders such as Gowardhan Milk and Ghee (as well as paneer, dahi, Indian desserts and more) and Go Cheese and Go UHT Milk (as well as buttermilk and lassi, flavoured milk and more). Its Pride of Cows brand of milk, enjoys ultra-premium positioning while its sports and nutrition brand, Avvatar, is growing rapidly despite being a new entrant into the category.

The Company is strategically targeting consumers through the use of new-age marketing and advertising channels and platform to grow its brand recognition and value, and drive depth into its business.

Scaling up on procurement and distribution: PMFL's procurement network consists of dairy farmers situated in key milk producing regions of the country and is built on strong relationships developed over nearly 30 years. These relationships were established with an aim to provide better value to farmers, a proposition that PMFL continues to deliver on through several quantity- and quality-based incentives. On the distribution side, the Company is pursuing a differentiated product pricing strategy to increase penetration in semi-urban and rural markets with brands that help the consumer straddle the traditional and the modern.

Focus on value-additions: A key aspect of PMFL's consumer value proposition is the value addition its products deliver to their consumers, through a range of formats (cheese, available as cheese spread, slices, angles and more; milk as regular pasteurised as well as UHT, Indian desserts as ready-to-eat and ready-mixes, among others), flavours (for example, Go spicy buttermilk and lassi, cheese in the flavours of jalapeno, Monterey Jack, Four cheese, and more; flavoured milk) and variants (for example, Gowardhan Ghee and its variant Swarna, Avvatar whey protein and its three variants).

Health and nutrition: PMFL is keen to grow into the health and nutrition segment through its high-quality products that deliver solid benefits of nutrition and immunity for the consumer. Its whey protein under brand Avvatar is the only such product manufactured in India, and distinguished by its promise of quality, being made from 100% cow milk sourced from the Company's own dairy facilities. The Company is also producing protein-enriched sports hydration drink in various flavours. PMFL has also introduced Go Colo Power, which is consumed as a supplement for enhancing one's immunity. It is produced from colostrum, which is the cow's first milk after calving and a rich source of essential amino acids, vitamins and other nutrients.

Financial Performance

Year	FY20	FY19	y-o-y Growth %
Revenue (₹ in Million)	24,379	23,957	1.8
EBITDA (₹ in Million)	2,111	2,235	-5.5
PAT (₹ in Million)	937	1,207	-22.4

Year	FY20	FY19
EBITDA Margin (%)	8.7	9.3
PAT Margin (%)	3.8	5.0



Highlights

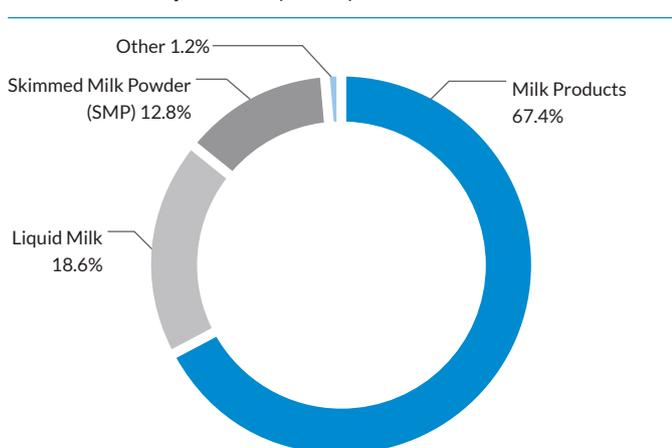
- Consolidated Revenue from Operations grew 1.8% from ₹ 23,957 Million in FY19 to ₹ 24,379 Million in FY20.
- Operating Profit (EBITDA) contracted -5.5% from ₹ 2,235 Million in FY19 to ₹ 2,111 Million in FY20.
- Operating EBITDA margin fell from 9.3 % in FY19 to 8.7% in FY20 despite substantial compression in gross margins. This was because of tighter spends on advertising and promotions, lowering other expenses and adoption of productivity measures in the latter part of the year.
- Profit After Tax (PAT) stood at ₹ 937 Million in FY20, down -22.4% from ₹ 1207 Million in FY19
- PAT margin stood at 3.8% in FY20, down from 5.0% in FY19.
- Diluted Earnings Per Share (EPS) fell to ₹ 11.14 in FY20 from ₹ 14.36 in FY19

During FY20, the Company's revenues grew by 1.8% in comparison to the previous year. The share of milk products for FY20 was 67.4% of the total revenues; with liquid milk accounting for 18.6% share and skimmed milk powder for 12.8%. This despite the sales volumes having been affected by lower milk availability due to heavy rainfalls, non-availability of green fodder, delayed calving and higher raw milk prices.

Sales during the last quarter were impacted by COVID-19 related disruptions. FMCG sales tend to be skewed towards month-end and due to the complete lockdown large part of month-end product sales were lost. Thus, all categories, except liquid milk were impacted for a short while.

Overall, the Company maintained tight controls over advertising and promotional spends, lowered other expenses and took productivity measures during the latter part of the year. Additionally, cost rationalisation measures were adopted across different verticals to improve profitability.

Revenue Composition (FY20)



HUMAN RESOURCES

PMFL strongly believes that no organisation can be successful in the long run without a diverse, happy and well-trained workforce. We have developed an environment that allows people to fulfil their potential while sustaining individual growth.

At PMFL, we have been constantly updating processes and methods, as well as driving innovation to enhance the capabilities of our workforce. Enabling us is our culture of mutual trust and appreciation, allowing for the holistic well-being of our people. Being transparent with the team members helps provide them with an understanding of their roles in the Company and helps the organisation enhance employee engagement. This also helps them carry out their duties to their full potential and in line with the organisation's values, goals and mission.

We conduct internal programmes for training and development and also send select employees for further training and skill development to prominent institutes for the enhancement of their knowledge. In addition to this, rewards and recognition programmes have been implemented to attract and retain key talent. The organisation values its employees and ensures a positive and dynamic work environment which enable employees to have a fulfilling career.

INTERNAL CONTROLS AND ADEQUACY

The Company's Internal Financial Control (IFC) framework has robust internal control procedures commensurate with its size and operations. PMFL's internal system is designed to ensure management efficiency, reliability of accounting practices, compliance with all applicable laws and regulations, and protection of the Company's assets. The Board of Directors is responsible for the internal control system, setting 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. The Company also has a dedicated code of conduct for its employees which is periodically reviewed and monitored. Prompt action is initiated in the event of violations of the code of conduct.

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 Company's future performance and outlook.

Directors' Report

Dear Members,

The Board of Directors are pleased to present the Twenty Eighth 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, 2020.

FINANCIAL HIGHLIGHTS

The summarised financial performance of the Company (Standalone & Consolidated) for the Financial Year 2019-2020 is summarised as under:

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Revenue from Operations	23,912.77	23,461.31	24,379.24	23,956.64
Other Income	29.19	40.49	75.99	102.63
Total Income	23,941.96	23,501.80	24,455.23	24,059.27
Earnings before interest, Depreciation and Tax	2,146.28	2,215.50	2,187.01	2,337.59
Less:- Depreciation	513.75	481.37	536.41	501.85
Less:- Interest	380.41	356.68	381.04	357.88
Profit before Tax before exceptional items	1,252.12	1,377.45	1,269.56	1,477.86
Exceptional Items	-	-	-	-
Profit from ordinary activities before tax	1,252.12	1,377.45	1,269.56	1,477.86
Less:- Tax expenses				
(1) Current Tax:	293.13	341.11	297.87	362.67
(2) Deferred tax:	52.61	-104.19	34.80	(92.00)
Profit After Tax (PAT)	906.38	1,140.53	936.89	1,207.19
Dividend on equity shares (including tax on dividend) *	(42.06)	(101.40)	(42.06)	(101.40)
Earnings per Share				
Basic	10.80	13.59	11.16	14.39
Diluted	10.78	13.56	11.14	14.36

- Final dividend for 2020: ₹ 0.50 per equity share of ₹ 10 each

This includes Dividend Tax paid on Dividend declared in FY 2018-19. The tax on Dividend proposed for FY 2019-20 is payable by the shareholders.

FINANCIAL PERFORMANCE

The Company reported growth in revenue from operations of 1.9 % over the Previous Year. At Standalone level, the Revenue from operations for FY 2019-20 stood at ₹ 23,912.77 Million as compared with ₹ 23,461.31 Million in the Previous Year 2018-19. The Profit before Tax for FY 2019-20 stood at ₹ 1,252.12 Million as against ₹ 1,377.45 Million in the Previous Year 2018-19. The Profit after Tax for FY 2019-20 stood at ₹ 906.38 Million against ₹ 1,140.53 Million reported in the Previous Year 2018-19.

The Consolidated Revenue from operations for FY 2019-20 was ₹ 24,379.24 Million as compared to ₹ 23,956.64 Million in the Previous Year 2018-19, registering a growth of 1.8%. The Consolidated Profit before Tax for FY 2019-20 stood at ₹ 1,269.56 Million as compared to ₹ 1,477.86 Million in the Previous Year 2018-19. The Consolidated Profit after tax for FY 2019-20 stood at ₹ 936.89 Million as compared to ₹ 1,207.19 Million in the Previous Year 2018-19.

COVID-19

IMPACT OF COVID-19 ON THE PERFORMANCE

Commencing from the second half of March 2020, COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimising disruption to services for all our customers globally.

The Company along with its subsidiary continued to manufacture and supply essential food and beverage items in the relevant markets. Company ensured 100% functionality of all manufacturing facilities during the entire lockdown period with zero downtime while adhering to the highest safety standards and protocols. It employed limited manpower and adopted productivity measures such as automation techniques and longer shifts at work to ensure that the plants operate at optimum capacities and focused on manufacturing high velocity and high throughput SKUs.



On the Supply Chain & Distribution front the Company faced initial operational disruptions over the second half of March 2020 and challenges in distribution due to the unavailability of manpower, transport services, and labour for loading/unloading and dealt with challenges in the procurement of packaging material, other raw material, etc. due to disruptions at suppliers' level. However, we developed alternative sources and adapted swiftly to the situation at hand. Despite products being categorised as "essential goods", initially we witnessed challenges in inter-state movement and other minor hindrances due to limited clarity by regulatory authorities on lockdown regulations. However, within few days we quickly procured all relevant approvals and passes for employees to normalise operations at the earliest. Our distributors also faced challenges in the movement of stocks as well as availability of manpower during the initial period. However, the challenges were addressed in early April itself.

On Procurement Milk procurement operations were unaffected during the entire period and due to our commitment towards farmers for sourcing their 100% milk, the Company have seen increase in procurement in milk during the COVID-19 situation because of late onset of flush season during March due to higher availability of feed and fodder leading to higher milk production and lower demand for commodities by ingredient users, hotels and restaurants resulting in higher flow towards organised players and our commitment towards farmers and the inability of smaller milk players to operate.

We witnessed an increase in demand across all our core consumer product categories such as ghee, cheese, paneer & UHT due to a significant increase in at-home consumption, however, we have seen significant impact in sales of commodities and HORECA segments. Sale of impulse categories like flavoured milk were also impacted. The Company took several measures to maneuver out of the situation. We reallocated advertising spends between different channels with a greater focus on digital media. Company initiated cost rationalisation measures across different verticals to improve profitability and adopted a conservative financial approach and included additional provisions in lieu of exposure to the HORECA & Institutional segments, and dormancy on unsold inventory due to closure of operations of some institutional partners

We, at Parag focused on the following during this crisis:

- (a) Safety of employees and other stakeholders &
- (b) Ensuring availability of our products, which are daily essentials, across the country.

Despite the near-term ambiguity, we remain confident of the medium to long-term growth prospects of the FMCG sector. We are working closely with Governments and our partners to ensure that we overcome this global health crisis together. We have a strong portfolio of trusted brands and capable teams with a resilient mindset. We are built to survive times like these. We have naturally seen strong as well as challenging conditions over the decades and the Company has maneuvered through all of these and come out stronger. Although the current situation

is much more uncertain than normal, we are confident about our ability to manage the immediate crisis and come out of it in a strengthened competitive position. We remain focused on delivering consistent, competitive, profitable and responsible growth through our fundamentals of growth and sustainable business model.

The Company shall review the long term impact of the pandemic and take all steps necessary to adapt itself to emerging changes and the new normal.

DIVIDEND

The Board of Directors at their meeting held on June 29, 2020, recommended a final dividend of ₹ 0.50/- per equity share i.e. 5% of face value of ₹ 10/- each for the financial year ended March 31, 2020.

The dividend on Equity Shares fully paid is subject to the approval of the Shareholders at the Annual General Meeting ("AGM") scheduled to be held on Tuesday, September 29, 2020, dividend once approved by the Shareholders will be paid on or after October 01, 2020. If approved, the dividend would result in a cash outflow of ₹ 4.20 Crore. The total dividend pay-out works out to 4.63% (Previous Year: 7.36%) of the Company's standalone net profit

The Register of Members and Share Transfer Books of the Company will remain closed from **September 23, 2020 to September 29, 2020 (both days inclusive)** for the purpose of payment of the dividend for the Financial Year ended March 31, 2020. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates as per the Income Tax Act, 1961.

TRANSFER TO GENERAL RESERVE

The Board of Directors have decided to retain the entire amount of profit for FY 2019-20 in the profit and loss account.

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 in its Board Meeting dated July 03, 2019 approved 'PMFL – Employee Stock Option Scheme 2019' (hereinafter referred as "ESOP 2019") to grant to the permanent employees options exercisable not more than 10,00,000 (Ten Lakhs) Options of Face Value of ₹ 10/- each at a price on such terms and conditions as may be determined by the Board in accordance with the provisions of ESOP 2019.

As on March 31, 2020, none of the Directors of the Company hold instruments convertible into Equity Shares of the

Company. There is no change in the share capital during the year under review.

BUSINESS OVERVIEW

One of India's leading dairy FMCG companies, Parag Milk Foods Ltd. (PMFL or the Company) was founded in 1992. The Company today boasts of 10+ consumer-centric products, with a focus on the consumers health and nutrition. From producing only fresh milk and Skimmed Milk Powder (SMP) at the outset, the Company has come a long way to becoming one of the market leaders of a wide range of value-added consumer products such as cheese, ghee, paneer, curd, dairy based beverages, whey protein amongst others. The Company has successfully combined the best aspects of a cooperatives back-end and an efficient FMCG companies front-end to pursue rapid growth over the years. The Company has four highly successful brands namely Gowardhan, Go, Pride of Cows and Avvatar. These brands together encompass a range of dairy industry segments – premium, modern and traditional, providing the Company diverse growth opportunities.

The Company's manufacturing facilities are strategically located at Manchar in Maharashtra, Palamaner in Andhra Pradesh and Sonipat in Haryana, to widen the distribution reach. Each plant boasts of state-of-the-art technologies. The Bhagyalaxmi Dairy Farms at Manchar, India's largest cow farm, is one of the most technologically advanced facilities in India. Leveraging on innovation, diverse set of products and quality, PMFL's goal is to become the largest dairy FMCG Company in the country.

Our endeavor remains to continuously revise our product offerings to cater to diverse consumer needs. Being a vertically integrated company enables PMFL to make all its products from scratch such as milk, cheese, paneer, ghee, whey proteins and others. This, we believe will be a key differentiating factor for PMFL and is likely to result in the company extending its market leadership and profitability across product categories over the medium to long term.

Currently, we have pan-India distribution with more than 3,50,000 retail touch points. We have 19 depots and are connected with over 3,000 distributors and 140+ super stockists across the country. We engage with our consumers at these touch points through an 800+ member strong sales and marketing team.

We have introduced a new distribution model – the PRiSM model and have completely covered Mumbai city under it. Through this model, we have increased our retail presence in Mumbai and have witnessed a significant growth in depth as well as width of distribution in the city. Our goal is to now extend the PRiSM model to other metro cities in a phased manner. In addition, we are continuously upgrading our retail presence throughout the country with an enhanced focus on the North and the East regions.

In the Cheese segment, we have launched Go Cheese processed angles, Four cheese Blend, Pizza cheese blends, Jalapeno cheese slices; all these products are based on evolving consumer habits and preferences. In the whey protein segment, we have

launched a new variant under the Avvatar brand called 'Rapid' which is the only hydration drink in this category fortified with whey proteins.

FY 2019-20 was a mixed year with a set of its own unique challenges. The year started on a positive note, but headwinds appeared in the form of lingering effects of the previous year's drought and a delayed monsoon season. Raw milk prices continued to climb and milk production witnessed a decline during the summer months. With our strong brands, product quality and consumers' loyalty towards PMFL, we managed to successfully pass on the milk price rise to the consumers. Performance during the latter part of the year was marred by limited availability of milk even during the flush season due to prolonged and heavy monsoons in large part of the country. We steadily focused on increasing operational efficiencies in order to protect our margins. The situation throughout the year remained challenging on account of constrained availability of raw milk and consequential increase in prices. We consolidated our brands and focused on driving greater efficiencies in product management and consumer outreach.

We are one of the few 'farm-to-fork' dairy FMCG companies in India giving us complete control of the quality of our products. Going forward, we believe, one of the key consequences of the COVID-19 pandemic will be to bring back focus on healthy and nutritious food. As a result, consumers are expected to be more keen than ever to use high quality products of established brands. We believe this is a healthy trend overall, with significant benefits to our society over the long term. The shift in consumer preference towards greater health-consciousness will trigger a switch to branded foods and products that can guarantee a higher standard of quality, consistency and hygiene.

EXPORT MARKET

Parag Milk Foods Limited continues to enjoy a strong presence and brand recall of Go and Gowardhan brands across several geographies through its exports to UAE, Singapore, Mauritius, Oman, Kuwait, Saudi Arabia, Congo, Hong Kong, Philippines, Sri Lanka, Bangladesh, Maldives, USA, Thailand, Nepal, Bhutan etc. We have also exported Paneer to a major QSR across GCC countries. Export sales amounted to 383.20 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, 2020 till the date of this report.

PERFORMANCE OF SUBSIDIARY COMPANY

Bhagyalaxmi Dairy Farm & Bio Science Division:

Situated in Pune, Maharashtra, the Bhagyalaxmi Dairy Farms was established in the year 2005. Bhagyalaxmi Dairy Farms was established as a Research and Development centre for studying and developing best practices for cattle feeding, rearing and livestock management. The objective was to use this knowledge to help improve milk yields on farms owned by our farmers. It is a wholly owned subsidiary of PMFL. Today, it is a 'zero wastage



farm', where we give back to society by reducing, reusing, and recycling. The facility has its own biogas plant with 600m³ power generation capacity, which is used for captive consumption thereby enabling us to reduce our carbon footprint. The biogas is generated by using cow waste – cow dung and cow urine. The by-products coming out of the biogas plant are converted into a range of organic fertilisers for our farmers.

We are creating awareness of the importance of these fertilisers as well as quality forage through various workshops and seminars. This is our backward integration and a step towards strengthening the livelihood of our extended family - Our Farmers. We also participate in various outreach programs for the farmer community to educate them on best practices of dairy farming. These programs and workshops help us recognise the needs of our farmers and addressing these needs has invariably always resulted in innovation. There is an immense satisfaction in the realisation that our programs and workshops have led to the betterment of farmers at the grass root level.

Over time, Bhagyalaxmi Dairy Farms has emerged as India's largest and most technologically advanced dairy farm. It has a unique product offering, 'Pride of Cows', a brand of premium packaged milk that is untouched by human hands all the way to the delivery at the consumers' homes. The entire process of feeding and milking of the cows and the processing of fresh milk is completely automated. The Pride of Cows delivery has been made available across Mumbai, Pune, Surat and Delhi.

The farm has a unique production to consumer doorstep model, monitored via a dedicated app, designed for specific, targeted consumer audiences, maintaining extremely tight quality standards. The milk is airlifted for delivery into Delhi. The distribution setup is owned by PMFL.

Pursuant to the provisions of sub-section (3) of Section 129 of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, the salient features of the Financial Statements of the subsidiary is set out in the prescribed Form AOC-1 appended as **Annexure - I**, to this report.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements of the subsidiary are uploaded on the website of the Company i.e. www.paragmilkfoods.com under 'Investors' tab. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has formulated a policy for determining its 'material subsidiaries'. The said Policy is uploaded on the website of the Company at <https://www.paragmilkfoods.com>.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "The Act") read with the

Companies (Accounts) Rules, 2014 as amended from time to time. In accordance with the provisions of sub-section (3) of Section 129 of the Act and SEBI Listing Regulations, the Consolidated Financial Statements of the Company, including the financial details of the subsidiary company, forms part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Cessation/Retirement

Mr. Sunil Goyal who has been associated as Director of the Company since last 12 years from January 15, 2008 and as Independent Director from May 25, 2015 has completed his first term of 5 consecutive years as Independent Director and has opted not to be re-appointed for second term with effect from the close of business hours on May 25, 2020 on account of his business/ professional commitments. He has confirmed that there was no material reason other than that mentioned above.

The Board has placed on record its appreciation for the valuable contribution made by Mr. Sunil Goyal during his association as Director of the Company.

Appointment / Re-appointment:

As on the date of this Report, Ms. Radhika Pereira, Mr. Narendra Ambwani, Mr. Nitin Dhavalikar, were re-appointed as "Independent Directors" for the second term of five consecutive years commencing from May 26, 2020 up to May 25, 2025 and Mr. Dhavalikar from July 28, 2020 upto July 27, 2025. All the re-appointments were approved by the Members of the Company at the 27th Annual General Meeting held on September 30, 2019, by passing the requisite resolutions in this regard.

Mr. Ramesh Chandak, (DIN: 00026581) who was appointed as "Independent Director" by the Members at the 24th Annual General Meeting of the Company for a term of term of five consecutive years with effect from June 24, 2016 up to June 23, 2021, will be completing his first term as Independent Director and is eligible for re-appointment for a second term of five years.

The evaluation of Independent Directors was conducted by the entire Board of Directors (excluding the Director being evaluated). Based on the evaluation, the Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meetings held on June 29, 2020 have recommended the re-appointment of Mr. Ramesh Chandak as Independent Director, not liable to retire by rotation, for a second term of five consecutive years commencing from June 24, 2021 upto June 23, 2026, subject to approval of the Members by special resolution at the ensuing Annual General Meeting of the Company.

Mr. Ramesh Chandak shall attain age of 75 years during the proposed second term. A resolution proposing his continuation of term on attaining age of 75 years during his second term pursuant to Section 149(6) of the Companies Act, 2013 and Regulation 17(1A) of the SEBI Listing Regulations also forms part of the Notice of Annual General Meeting.

The said Director has given his consent for re-appointment and has also confirmed that he retains the status as Independent Director and does not suffer from any disqualifications for re-appointment.

Pursuant to the provisions of sub-section (6) of Section 152 of the Act, Mr. B. M. Vyas, (DIN: 00043804 Non-Executive Non Independent Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In compliance with sub-regulation (3) of Regulation 36 of SEBI Listing Regulations, brief resume, expertise and other details of the Director(s) proposed to be re-appointed are given in the Notice convening the ensuing Annual General Meeting.

The Board recommends the re-appointment of Directors as stated above in the ensuing Annual General Meeting.

KEY MANAGERIAL PERSONNEL (KMP)

During the year under Review, the Board of Directors in their meeting held on July 03, 2019 approved the appointment of Mr. Venkat Shankar as Chief Executive Officer of the Company w.e.f. July 04, 2019.

The Board of Directors approved the appointment of Mr. Shashikant Dalmia as Chief Financial Officer of the Company w.e.f. August 02, 2019 in place of Mr. Vimal Agarwal who ceased to be the Chief Financial Officer of the Company w.e.f. July 19, 2019.

Pursuant to the provisions of Section 2(51) and Section 203 of the Act read with Rules framed thereunder, the following are the Key Managerial Personnel of the Company as on March 31, 2020

1. Mr. Devendra Prakash Shah, Whole time Director
2. Mr. Pritam Prakash Shah, Managing Director
3. Mr. Venkat Shankar, Chief Executive Officer
4. Mr. Shashikant Dalmia, Chief Financial Officer
5. Ms. Rachana Sanganeria, Company Secretary & Compliance Officer

Mr. Venkat Shankar ceased to be the Chief Executive Officer of the Company w.e.f. June 29, 2020 because of personal reasons. He continues to be associated with the Company in an advisory and consultancy capacity. He will continue to advise and assist the Company in regard to its strategic growth and implementation of its business plans.

Declaration by Independent Directors

In terms of the provisions of sub-section (6) of Section 149 of the Act and Regulation 16 of SEBI Listing Regulations Including amendments thereof, the Company has received declarations from all the Independent Directors of the Company that they meet with the criteria of independence, as provided in the Act

and SEBI Listing Regulations. There has been no change in the circumstances affecting their status as an Independent Director during the year.

Further, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Company. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity. The Independent Directors have confirmed that they have registered their names in the data bank maintained with the Indian Institute of Corporate Affairs ('IICA'). In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one year from the date of inclusion of their names in the data bank. The Independent Directors to whom the provisions of proficiency test are applicable, will take the said online proficiency self-assessment test in due course.

Board Evaluation

The Board has carried out annual performance evaluation of its own performance, the Directors individually and of its Committees as mandated under the Act and SEBI Listing Regulations. The Nomination & Remuneration Company had approved of the questionnaire earlier broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017, the same format was provided to the directors to provide their views/feedback to facilitate the evaluation process. Further, a meeting of Independent Directors was held by tele conferencing on June 29, 2020 due to Covid-19 pandemic threat to review the performance of the Chairman, Non-Independent Directors of the Company and the performance of the Board as a whole, committees as mandated by Schedule IV of the Act and SEBI Listing Regulations. The Directors also discussed the quality, quantity and timeliness of flow of information between the Company management and the Board, which is necessary for the Board to effectively and reasonably perform their duties. The feedback of the meeting was shared with the Chairman of the Company.

Constructive Inputs/contributions were received to further strengthen the performance and the effectiveness of the Board and Committee meetings held by the Company. The evaluation exercise highlighted the key areas to enhance the performance and the effectiveness of the Board and Committee Meetings held by the Company.

Familiarisation Programme for Independent Directors

The details of the induction and familiarisation programme are explained in the Report on Corporate Governance and are also available on the Company's website i.e. www.paragmilkfoods.com under 'Investors' tab.



Meetings of the Board of Directors

During the year under review the Board of Directors met five times. The details are given in the Corporate Governance Report which forms a part of the Annual Report.

Meetings of the Audit Committee

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

Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

The Board of Directors has formulated a Nomination and Remuneration Policy in terms of the provisions of subsection (3) of Section 178 of the Act and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2019 dealing with appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

The policy covers criteria for determining qualifications, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel. The said Policy is available on the website of the Company viz. 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, 2020, 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, 2020.
- 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, 2020 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

During the year under review, the board of directors in their meeting dated July 03, 2019 had approved PMFL – Employee Stock Option Scheme 2019 (hereinafter referred to as “ESOP 2019”) to offer and grant options to the employees of the Company through existing ESOP trust giving right to exercise for cash to one fully paid up Equity Share of ₹ 10/- each at a price and on such terms and Conditions as may be determined by the Board. The maximum no. of options exercisable under this scheme is 10,00,000 Options (Ten Lakhs).

Nomination & Remuneration Committee had on November 01, 2018 granted 166,015 options 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 ESOS2015) to eligible employees of the Company, the same have vested on November 01,2019, however no options have been exercised during the year under review.

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

Details in respect of adequacy of internal financial controls with reference to the Financial Statements are stated in Management Discussion and Analysis section

RISK MANAGEMENT FRAMEWORK

The Company follows well-established and detailed risk assessment and minimisation procedures, which are periodically reviewed by the Board. The Company has in place an elaborate & robust risk management policy towards risk identification, analysis & prioritisation of risks on scale of high, medium to low rating, development of risk mitigation plans and reporting on the risk environment of the Company. This policy is applicable to all the functions and departments of the Company.

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the Company's business & processes. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

Risk management is embedded in the Company's operating framework the Company's approach to addressing business

risks is comprehensive and includes periodic review, evaluation and monitoring key risks and reviewing the measures taken for management and mitigation and effectiveness thereof, mitigating and reporting mechanism of such risks. The Company believes that managing risks helps in maximising returns. The risk management framework is reviewed periodically by the Board and the Audit Committee. The Audit Committee has additional oversight in the area of financial risks and controls.

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

The Company has established a Whistle Blower Policy as envisaged under the provisions of Section 177 (9) of the Act and the Rules thereunder and Regulation 22 of the SEBI Listing Regulations and a vigil mechanism to provide a framework to promote responsible and secure whistle blowing and to provide a channel to the employee(s) and Directors 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 Policy provides for protecting confidentiality of those reporting violation(s) and restricts any discriminatory practices against them. The mechanism provides for adequate safeguards against victimisation of employee(s) and Directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

The Company has revised the Whistle-Blower policy to insert "reporting of incidents of leak or suspected leak of Unpublished Price Sensitive Information (UPSI)" in terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended 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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a Corporate Social Responsibility ("CSR") Committee in accordance with Section 135 of the Companies Act, 2013. Details of the composition are given separately as part of the Corporate Governance Report. The Company has undertaken the CSR activities in accordance with the CSR Policy of the Company adopted in accordance with Schedule VII of the Act, the Policy is available on the Company's website at www.paragmilkfoods.com under 'investors' tab.

The initiatives undertaken by the Company on CSR activities during the year under review are set out in this report in the format prescribed under Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure - III** and forms an integral part of this Report.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year 2019-20, were on an arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. None of the transactions with related parties fall under the scope of Section 188(1) of the Act. There are no material related party transactions made by the Company during the year under review. Given that the Company does not have anything to report pursuant to Section 134(3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC- 2, therefore the same is not provided.

All such transactions are placed before the Audit Committee for review/ approval. The Audit Committee grants omnibus approval for the transactions that are in the ordinary course of the business and repetitive in nature. All related party Transactions are placed before the Audit Committee on a quarterly basis. As good governance practice the same are also placed before the Board for seeking their approval. Disclosures as required under Indian Accounting Standards ("IND AS") - 24 have been made in the Note No. 43 to the Standalone Financial Statements. Further, in terms of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the transactions with person / entity belonging to the promoter/promoter group holding 10% or more shareholding in the Company have been disclosed in the accompanying financial statements.

The Policy on related party transactions, as formulated by the Board is available on the Company's website i.e. www.paragmilkfoods.com under 'Investors' tab.

PARTICULARS OF LOANS GRANTED, GUARANTEE PROVIDED AND INVESTMENTS MADE PURSUANT TO THE PROVISIONS OF SECTION 186 OF THE COMPANIES ACT, 2013

The loans given, investments made and guarantees given & securities provided during the year under review, are in compliance with the provisions of Section 186 of the Companies Act, 2013, and the Rules thereunder and the details are provided in the Notes to the Standalone Financial Statements, forming part of this Report.

BUY BACK

The Company has not bought back any of its securities during the Financial Year ended March 31, 2020.

DEPOSITS

The Company has not accepted any deposits within the meaning of sub-section (31) of Section 2 and Section 73 of the Companies Act, 2013 ("the Act") and the Rules framed thereunder. As on March 31, 2020, there were no deposits lying unpaid or unclaimed.



PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company provides an equal employment opportunity and is committed for creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company have the right to be treated with dignity.

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') and the rules made there under, the Company has adopted a Policy on Prevention of Sexual Harassment at Workplace ("the Policy") to ensure prevention, prohibition and redressal of sexual harassment at workplace. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The Company has constituted Internal Complaints Committees (ICC) to redress complaints received regarding sexual harassment. The Company has not received any complaint of sexual harassment during the financial year 2019-20.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT, CORPORATE GOVERNANCE REPORT AND BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of SEBI Listing Regulations, a separate section on Management Discussion and Analysis, Business Responsibility Report and Corporate Governance Report together with a certificate from a Practicing Company Secretary confirming compliance with the Regulations relating to Corporate Governance of SEBI Listing Regulations are set out and form part of this Annual 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 Company has strong commitment towards conservation of energy, natural resources and adoption of latest technology in its areas of operation. 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 read with Rule 12 of 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, KMPs and employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time are provided under **Annexure - VI**, which is annexed to this Report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. However, in terms of provisions of the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report is being sent to the members of the Company excluding the aforesaid information. The said information is available for inspection and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

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 and in terms of Section 118(10) of the Act, the Company has complied with Secretarial Standards on meetings of the Board of Directors ("SS-1") and on General Meetings ("SS-2") as amended and issued from time to time by The Institute of Company Secretaries of India.

STATUTORY AUDITORS

Pursuant to the provisions of the Companies Act, 2013, a Listed Company cannot appoint an audit firm for more than 2 terms of five consecutive years. M/s. Haribhakti & Co. LLP, Chartered Accountants, Pune (Firm Registration No. 103523W/W100048) were appointed as the Statutory Auditors of the Company for a second consecutive period of five years at the Annual General Meeting of the Company held on 26th June, 2015. Therefore their second term will be expiring at the ensuing 28th Annual General Meeting scheduled on September 29, 2020 and they are not eligible for re-appointment.

Pursuant to the recommendation of the Audit Committee, the Board of Directors have recommended the appointment of M/s. Sharp & Tannan, Chartered Accountants, Mumbai (Firm Registration No.109982W), as the Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of this 28th AGM till the conclusion of 33rd AGM to be held for FY 2024-25 in place of M/s. Haribhakti & Co. LLP.

M/s. Sharp & Tannan, Chartered Accountants (Firm Registration No.109982W) have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Audit Committee and the Board of Directors have recommended the appointment of of M/s. Sharp & Tannan, Chartered Accountants (Firm Registration No.109982W) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 from the conclusion of the 28th AGM till the conclusion of 33rd AGM, to the shareholders ,and the proposed resolution forms part of the Notice of Annual General Meeting.

The Statutory Auditors' Report for the FY 2019-20 does not contain any qualifications, reservations, adverse remarks or disclaimer and no frauds were reported by the Auditors to the Company under sub-section (12) of Section 143 of the Act.

INTERNAL AUDITORS

Pursuant to provisions of Section 138 of the Companies Act, 2013 and the rules made thereunder, on the recommendation of the Audit Committee the Board of Directors have appointed M/s. Grant Thornton India, Chartered Accountants, as Internal Auditors of the Company for the Financial Year 2020-21.

COST AUDITORS

As per the requirements of the Section 148 of the Act read with Rule 14 of the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the cost records are required to be audited by a qualified Cost Accountant.

The Board of Directors, upon the recommendation of the Audit Committee, has appointed M/s. Harshad Deshpande & Associates, Cost Accountants, Pune (Firm Registration Number: 00378) to conduct audit of the cost records of the Company for the FY 2020-21. Accordingly, the Board of Directors recommends to the Members, the resolution seeking approval of the members for ratifying the remuneration payable to the Cost Auditors for FY 2020-21 is provided in the Notice of the ensuing Annual General Meeting.

The Company has filed the Cost Audit Report for the FY 2019-20 with the Ministry of Corporate Affairs on July 25, 2020. The Cost Auditors' Report does not contain any qualifications, reservations, adverse remarks or disclaimer and no frauds were reported by the Cost Auditors to the Company under sub-section (12) of Section 143 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 Rule 9 of 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 2019-20. The Secretarial Audit Report in Form MR-3 is annexed as **Annexure - VII** to this Report. The said Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks and no frauds were reported by the Secretarial Auditors to the Company under sub-section (12) of Section 143 of the Act therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

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

Place: Mumbai
Date: September 07, 2020

Devendra P. Shah
Executive Chairman
DIN: 01127319



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, 2020

(Amount in Million)

Particulars	Details
1. Name of the Subsidiary	Bhagalaxmi Dairy Farms Private Limited
2. The date since when subsidiary was acquired	December 2, 2003
3. Reporting period for the subsidiary - concerned, if different from the holding company's reporting period	April 1, 2019 to March 31, 2020
4. Reporting Currency and Exchange rate as on the last date of the relevant - Financial year in the case of foreign subsidiaries	Indian Rupees
5. Share Capital (₹)	57.85
6. Reserves & Surplus	615.49
7. Total Assets	906.34
8. Total Liabilities	233.00
9. Investments	Nil
10. Turnover (total revenue including other income)	772.00
11. Profit/ (Loss) before Taxation	17.42
12. Tax Expense/ (Benefit)	(13.09)
13. Profit/ (Loss) after Taxation	30.51
14. Other Comprehensive Income	(0.05)
15. Total Comprehensive Income	30.46
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

Place: Mumbai
Date: September 07, 2020

Devendra P. Shah
Executive Chairman
DIN: 01127319

Pritam P. 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

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	166,015	258.90	126,927	250.00
Granted during the year	-	-	166,015	258.90
Forfeited/lapsed during the year	50,250	258.90	75,942	250.00
Exercised during the year	-	-	50,985	250.00
Outstanding at the end of the year:	115,765	258.90	166,015	258.90
of which Options vested and exercisable at the end of the year	-	-	-	-

For and on behalf of the Board

Place: Mumbai
Date: September 07, 2020

Devendra P. Shah
Executive Chairman
DIN: 01127319



ANNEXURE - III

CORPORATE SOCIAL RESPONSIBILITY 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.

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, Company during Covid-19 donated several food packets and meals to essential workers like transporters, drivers, etc. Also started community kitchens and provided free food to people around the plant & provided support to vulnerable sections of the society, assisted local hospitals & their staff (Covid warriors) by providing them essential equipment & food, assisted employees in need by providing financial support, provided drinking water to people on daily basis, Daily distribution of food to migrant workers crossing Manchar, 5,000+ families were supported by giving Grocery Kits, ~ 3,000 People were given healthy meals prepared in the company canteen on a daily basis, helped in sanitisation of Manchar and nearby villages, and also sanitisation of government hospitals in Manchar & Ghodegaon, and social welfare and help to the local farmers and rural development activities were also undertaken 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 2020 IS AS FOLLOWS.

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

3. DETAILS OF CSR SPEND

		(₹ in Million)
Sr. No.	Details of CSR Spent	Amount
1	Average net profit of the Company for last three financial years	1086.99
2	Prescribed CSR expenditure for FY 2019-2020 (two percent of the amount mentioned in item 1 above)	21.74
3	Details of CSR spent during the financial year.	10.78
4	Amount unspent if any	10.96

4. MANNER IN WHICH THE AMOUNT WAS SPENT DURING THE FINANCIAL YEAR IS DETAILED AS BELOW:

(₹ in Million)

Sr. No.	CSR Projected / Activity Identified	Sector in which the projects is covered	Projects/ Programmes Coverage	Amount outlay (Budget) (₹)	Amount spent on the projects / programme	Cumulative Expenditure up to March 31, 2020	Amount spent Direct / through implementing agency
1	Education	Promotion of education	Maharashtra	0.82	0.82	0.82	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	8.93	8.93	8.93	Direct
3	Towards COVID-19	COVID-19	Maharashtra	1.03	1.03	1.03	Direct
Total expenditure towards CSR				10.78	10.78	10.78	

5. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PERCENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OF ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT -

The Company has failed to spend ₹ 10.96 Mn due to outbreak of pandemic COVID-19. The said amount shall be spent during the current FY 2020-21.

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: September 07, 2020

Devendra P. Shah
Executive Chairman
DIN: 01127319

B. M. Vyas
Chairman of CSR Committee
DIN: 00043804



ANNEXURE - IV

Conservation of Energy, Technology Absorption and Foreign Exchange Earning & 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 2019-20 is given in the form as below.

Sr. No.	Power and Fuel Consumption	Total Units
1.	Electricity Consumption (Total No. of Units)	3,74,88,930
2.	Own Generator through T.G. Set (Units)	6,63,260
3.	D.G. Unit	314,426
4.	Diesel / SKO consumed (LTR)	352,061
5.	Furnace Oil Consumed (Kg)	217,904
6.	Coal (Kg)	3,21,92,209

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

1. We have installed VFD (Variable frequency drive) on air compressor & refrigeration compressor.
2. Improved regeneration efficiency of various heat exchangers.
3. Minimising stack loss of boiler.
4. Identification & replacement of inefficient pumps with new generation efficient pumps.

B. RESEARCH AND DEVELOPMENT (R&D)

Innovation is part of the Company's DNA and one of our key differentiators. The Company prides itself in introducing new products, varieties, packaging as well as process changes that suit the evolving needs of consumers. For instance, we were the first company to launch fresh paneer with a shelf life of 75 days due to the innovation in processing and packaging that the R&D team developed. Packaging formats for Gowardhan Ghee and Pride of Cows Milk, or innovative flavours and forms in cheese such as a Four cheese blend consisting of a combination of Cheddar, Mozzarella, Monterey Jack, and Colby, or Pizza Blend which consists of Mozzarella and Cheddar cheese in the form of dices, or Go cheese chutney slices, Go chocolate cheese, etc are more such examples. The Company's R&D team consists of a dedicated and experienced cross-functional team that work on these innovations and develop new consumer experiences.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Following are the details of the foreign exchange earned and used during the financial year 2019-20

Particulars	₹ In Million)	
	2019-20	2018-19
Foreign exchange earned	383.20	802.99
Foreign exchange used	272.86	395.90

D. TECHNOLOGY ABSORPTION

The Company has state-of-the-art technology at the heart of its manufacturing facilities, a large part of which is fully automated to eliminate human touch. The integration of technology throughout our value chain, right from procurement, processing, till logistics and distribution, has ensured high quality products and inspired trust in our consumers. Best-in-class certifications mark the Company's technology and processes used to create new and innovative products.

The Company has been proactive in responding to and realigning systems and processes to meet the changing needs of the business. The Company is also using SAP ERP analytics for business intelligence, giving us the big picture on our performance. As the Company is scaling its business, it has been making high-value investments in the technology used for milk procurement processes and for developing the cold chain. The Company is supported by a robust IT platform that has deployed a world-class

Distributor Management System and Sales Force Automation tools. These tools enable the Company to track important parameters such as the performance of the sales team, and the inventory at various outlets, which help the Company drive further efficiencies.

The Company also uses auto dial from astTECS dial server which helps to monitor daily calling and progress of our sales team. And the Kloudq platform which helps in tracking product information, schemes, discounts and complaints. The platform also helps to provide timely solutions to retailers and distributors.

Technology driven improvements in the supply chain are helping to ensure freshness of products and maintenance of the highest quality standards. In the cold chain, the Company's has introduced temperature sensors that are linked to SAP which provide real time visibility about vehicle movement and temperature maintenance at remote locations. The Company has also introduced multi-temperature vehicles where in vehicles have been compartmentalised to carry frozen, ambient temperature and chilled products in the same vehicle. Such technology initiatives have decreased lead times and increased the frequency of product dispatches, thereby improving the availability of products for the end consumer.

The Company also uses technology in its bulk milk chilling centers and Village-level collection centers where in milk is collected from farmers on POS machines and the data collected is transferred from the POS data server over the internet (IoT). The IoT offerings cover the entire value chain from milk production to payments and tracks conditions under which the milk is stored, transported and distributed. Data about the quality and composition of milk, and history of production by each farmer, has led to improved inventory management, reduced wastage of perishable food items and better service delivery.

For and on behalf of the Board

Place: Mumbai
Date: September 07, 2020

Devendra P. Shah
Executive Chairman
DIN: 01127319



ANNEXURE - V

FORM NO. MGT-9

As on the Financial Year ended March 31, 2020

[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: investors@paragmilkfoods.com
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, if any	: KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Phone: (040) 67161562 / 67161583 E-mail: mohsin.mohd@kfintech.com

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	69%
2	Liquid Milk	1050	17%
3	Milk Powder	1050	13%
4	Others	1050	1%
	Total		100%

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) Catrgory-wise Shareholing

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A Promoters & Promoter Group										
1) Indian										
a	Individual / HUF	3,86,61,435	0	3,86,61,435	45.96	3,88,61,435	0	3,88,61,435	46.20	0.24
b	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on April 1, 2019)				No. of Shares held at the end of the year (as on March 31, 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e	Banks / FIs	0	0	0	0.00	0	0	0	0.00	0.00
f	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1)	3,86,61,435	0	3,86,61,435	45.96	3,88,61,435	0	3,88,61,435	46.20	0.24
	2) Foreign									
a	NRIs / Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b	Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d	Banks / FIs	0	0	0	0.00	0	0	0	0.00	0.00
e	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
	Total Shareholding of Promoters & Promoter Group (A) = (A)(1) + (A)(2)	3,86,61,435	0	3,86,61,435	45.96	3,88,61,435	0	3,88,61,435	46.20	0.24
	B Public Shareholding									
	1) Institutions									
a	Mutual Funds	47,35,976	0	47,35,976	5.63	5,04,319	0	5,04,319	0.60	-5.03
b	Banks / FIs	1,02,824	0	1,02,824	0.12	1,10,145	0	1,10,145	0.13	0.01
c	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d	State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e	Venture Capital Funds	50,42,534	0	50,42,534	5.99	50,42,534	0	50,42,534	5.99	0.00
f	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g	Foreign Portfolio Investors (Corporate)	1,22,34,344	0	1,22,34,344	14.54	1,21,41,099	0	1,21,41,099	14.43	-0.11
h	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
j	Others (please specify) Alternate Investment Fund	4,56,031	0	4,56,031	0.54	75,000	0	75,000	0.09	-0.45
	Sub-Total (B) (1)	2,25,71,709	0	2,25,71,709	26.83	1,78,73,097	0	1,78,73,097	21.25	-5.59
	2) Non-Institutions									
	a Bodies Corporate									
(i)	Indian	47,32,756	0	47,32,756	5.63	82,84,306	0	82,84,306	9.85	4.22
(ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
	b Individuals									0.00
	Individual shareholders having nominal share capital upto ₹ 2 Lakh	1,15,72,853	53	1,15,72,906	13.76	1,10,07,832	3	1,10,07,835	13.09	-0.67
	Individual shareholders having nominal share capital in excess of ₹ 2 Lakh	32,47,669	0	32,47,669	3.86	47,16,562	0	47,16,562	5.61	1.75
	NBFCs registered with RBI	6,29,346	0	6,29,346	0.75	6,31,137	0	6,31,137	0.75	0.00
	c Others (please specify)									0.00
	Non-Resident Indian (NRI)	12,56,585	0	12,56,585	1.49	10,85,061	0	10,85,061	1.29	-0.20
	Non-Resident Indian non Repatriable	3,96,118	0	3,96,118	0.47	2,93,400	0	2,93,400	0.35	-0.12
	Clearing Members	8,62,494	0	8,62,494	1.03	11,85,734	0	11,85,734	1.41	0.38
	Trust	7,549	0	7,549	0.01	0	0	0	0.00	-0.01
	Employee Benefit Trust	1,76,015	0	1,76,015	0.21	1,76,015	0	1,76,015	0.21	0.00
	Sub - Total (B) (2)	2,28,81,385	53	2,28,81,438	27.20	2,73,80,047	3	2,73,80,050	32.55	5.35
	Total Public Shareholding (B) = (B)(1) + (B)(2)	4,54,53,094	53	4,54,53,147	54.04	4,52,53,144	3	4,52,53,147	53.80	-0.24
	C Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C)	8,41,14,529	53	8,41,14,582	100.00	8,41,14,579	3	8,41,14,582	100.00	0.00



(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (as on April 01, 2019)			Shareholding at the end of the year (as on March 31, 2020)			% 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 P. Shah	1,50,06,400	17.84	25.88	1,52,06,400	18.08	58.70	0.24
2	Mr. Pritam P. Shah	91,59,888	10.89	8.17	91,59,888	10.89	76.95	0.00
3	Mr. Parag Shah	1,00,000	0.12	0.00	1,00,000	0.12	0.00	0.00
4	Mr. Prakash Shah	100	0.00	0.00	100	0.00	0.00	0.00
5	Mrs. Rajni Shah	100	0.00	0.00	100	0.00	0.00	0.00
6	Mrs. Priti Shah	22,22,820	2.64	0.00	22,22,820	2.64	0.00	0.00
7	Mrs. Netra Shah	88,67,027	10.54	42.50	88,67,027	10.54	30.65	0.00
8	Mr. Poojan Shah	32,95,000	3.92	0.00	32,95,000	3.92	0.00	0.00
9	Mr. Stavan Shah	100	0.00	0.00	100	0.00	0.00	0.00
10	Mrs. Shabdali Desai	10,000	0.01	0.00	10,000	0.01	0.00	0.00
		3,86,61,435	45.96	21.73	3,88,61,435	46.20	48.10	0.24

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on April 1, 2019)		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 P. Shah	1,50,06,400	17.84				1,50,06,400	17.84
				15-Nov-19	Increase	Purchase of 200,000 Shares from open market	1,52,06,400	18.08
	Closing Balance			31-Mar-20			1,52,06,400	18.08
2	Mr. Pritam P. Shah	91,59,888	10.89	01-April-2019 31-March-2020	No Change		91,59,888	10.89
3	Mr. Parag Shah	1,00,000	0.12	01-April-2019 31-March-2020	No Change		1,00,000	0.12
4	Mr. Prakash Shah	100	0.00	01-April-2019 31-March-2020	No Change		100	0.00
5	Mrs. Rajni Shah	100	0.00	01-April-2019 31-March-2020	No Change		100	0.00
6	Mrs. Priti Shah	22,22,820	2.64	01-April-2019 31-March-2020	No Change		22,22,820	2.64
7	Mrs. Netra Shah	88,67,027	10.54	01-April-2019 31-March-2020	No Change		88,67,027	10.54
8	Mr. Poojan Shah	32,95,000	3.92	01-April-2019 31-March-2020	No Change		32,95,000	3.92
9	Mr. Stavan Shah	100	0.00	01-April-2019 31-March-2020	No Change		100	0.00
10	Mrs. Shabdali Desai	10,000	0.01	01-April-2019 31-March-2020	No Change		10,000	0.01



Sr. No.	For each of the the Top 10 Shareholders	Shareholding at the beginning of the year			Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% to total shares of the Company	Date			No. of Shares	% to total shares of the Company
				13/03/2020	1,13,266	Purchase	30,28,746	3.60
				20/03/2020	1,32,353	Purchase	31,61,099	3.76
				27/03/2020	10,000	Purchase	31,71,099	3.77
	Closing Balance			31/03/2020			31,71,099	3.77
4	SOMERSET EMERGING MARKETS SMALL CAP FUND LLC							
	Opening Balance	0	0.00	01/04/2019			0	0.00
				27/09/2019	2,46,783	Purchase	2,46,783	0.29
				30/09/2019	5,02,274	Purchase	7,49,057	0.89
				04/10/2019	1,09,478	Purchase	8,58,535	1.02
				11/10/2019	4,87,214	Purchase	13,45,749	1.60
				18/10/2019	3,31,333	Purchase	16,77,082	1.99
				25/10/2019	28,785	Purchase	17,05,867	2.03
				01/11/2019	1,55,254	Purchase	18,61,121	2.21
				08/11/2019	4,05,257	Purchase	22,66,378	2.69
	Closing Balance			31/03/2020			22,66,378	2.69
5	AADI FINANCIAL ADVISORS LLP							
	Opening Balance	4,70,863	0.56	01/04/2019			4,70,863	0.56
				24/05/2019	30,000	Sale	4,40,863	0.52
				02/08/2019	43,951	Purchase	4,84,814	0.58
				14/02/2020	11,30,000	Purchase	16,14,814	1.92
				27/03/2020	3,78,646	Purchase	19,93,460	2.37
				31/03/2020	55,000	Purchase	20,48,460	2.44
	Closing Balance			31/03/2020			20,48,460	2.44
6	GOLDMAN SACHS INDIA LIMITED							
	Opening Balance	24,58,724	2.92	01/04/2019			24,58,724	2.92
				17/05/2019	4,55,106	Sale	20,03,618	2.38
				22/11/2019	1,63,615	Purchase	21,67,233	2.58
				29/11/2019	16,100	Purchase	21,83,333	2.60
				13/12/2019	41,034	Sale	21,42,299	2.55
				20/12/2019	37,877	Sale	21,04,422	2.50
				28/02/2020	45,829	Sale	20,58,593	2.45
				06/03/2020	56,480	Sale	20,02,113	2.38
				13/03/2020	55,091	Sale	19,47,022	2.31
				20/03/2020	63,220	Sale	18,83,802	2.24
	Closing Balance			31/03/2020			18,83,802	2.24
7	MUKUL MAHAVIRPRASAD AGRAWAL							
	Opening Balance	10,00,000	1.19	01/04/2019			10,00,000	1.19
						NIL movement during the year		
	Closing Balance			31/03/2020			10,00,000	1.19
8	NIRMAL BANG SECURITIES PVT. LTD.							
	Opening Balance	1,344	0.00	01/04/2019			1,344	0.00
				05/04/2019	687	Purchase	2,031	0.00
				12/04/2019	838	Purchase	2,869	0.00
				19/04/2019	25	Purchase	2,894	0.00
				19/04/2019	487	Sale	2,407	0.00
				26/04/2019	593	Sale	1,814	0.00
				03/05/2019	250	Purchase	2,064	0.00
				03/05/2019	541	Sale	1,523	0.00

Sr. No.	For each of the the Top 10 Shareholders	Shareholding at the beginning of the year			Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% to total shares of the Company	Date			No. of Shares	% to total shares of the Company
				10/05/2019	356	Purchase	1,879	0.00
				10/05/2019	540	Sale	1,339	0.00
				17/05/2019	776	Purchase	2,115	0.00
				24/05/2019	29,313	Purchase	31,428	0.04
				24/05/2019	191	Sale	31,237	0.04
				31/05/2019	240	Purchase	31,477	0.04
				31/05/2019	29,908	Sale	1,569	0.00
				07/06/2019	125	Sale	1,444	0.00
				14/06/2019	65	Sale	1,379	0.00
				21/06/2019	65	Sale	1,314	0.00
				28/06/2019	274	Purchase	1,588	0.00
				05/07/2019	1,901	Purchase	3,489	0.00
				05/07/2019	178	Sale	3,311	0.00
				12/07/2019	719	Purchase	4,030	0.00
				12/07/2019	1,890	Sale	2,140	0.00
				19/07/2019	430	Purchase	2,570	0.00
				26/07/2019	666	Purchase	3,236	0.00
				26/07/2019	830	Sale	2,406	0.00
				02/08/2019	731	Sale	1,675	0.00
				09/08/2019	3,655	Purchase	5,330	0.01
				09/08/2019	559	Sale	4,771	0.01
				16/08/2019	15	Purchase	4,786	0.01
				16/08/2019	433	Sale	4,353	0.01
				23/08/2019	1,545	Purchase	5,898	0.01
				30/08/2019	1,838	Sale	4,060	0.00
				06/09/2019	1,475	Sale	2,585	0.00
				13/09/2019	1,815	Purchase	4,400	0.01
				20/09/2019	1,195	Sale	3,205	0.00
				27/09/2019	1,751	Sale	1,454	0.00
				30/09/2019	48	Purchase	1,502	0.00
				30/09/2019	1,399	Sale	103	0.00
				04/10/2019	690	Purchase	793	0.00
				11/10/2019	382	Purchase	1,175	0.00
				11/10/2019	435	Sale	740	0.00
				18/10/2019	323	Purchase	1,063	0.00
				18/10/2019	159	Sale	904	0.00
				25/10/2019	1,425	Purchase	2,329	0.00
				01/11/2019	100	Purchase	2,429	0.00
				01/11/2019	920	Sale	1,509	0.00
				08/11/2019	1,269	Purchase	2,778	0.00
				08/11/2019	910	Sale	1,868	0.00
				15/11/2019	40	Purchase	1,908	0.00
				15/11/2019	973	Sale	935	0.00
				22/11/2019	1,700	Purchase	2,635	0.00
				22/11/2019	526	Sale	2,109	0.00
				29/11/2019	170	Purchase	2,279	0.00
				29/11/2019	1,215	Sale	1,064	0.00
				06/12/2019	261	Sale	803	0.00
				13/12/2019	508	Purchase	1,311	0.00



Sr. No.	For each of the the Top 10 Shareholders	Shareholding at the beginning of the year			Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% to total shares of the Company	Date			No. of Shares	% to total shares of the Company
				13/12/2019	47 Sale		1,264	0.00
				20/12/2019	263 Sale		1,001	0.00
				27/12/2019	101 Purchase		1,102	0.00
				27/12/2019	114 Sale		988	0.00
				31/12/2019	2,873 Purchase		3,861	0.00
				31/12/2019	26 Sale		3,835	0.00
				03/01/2020	50 Purchase		3,885	0.00
				03/01/2020	752 Sale		3,133	0.00
				10/01/2020	371 Purchase		3,504	0.00
				10/01/2020	2,530 Sale		974	0.00
				17/01/2020	180 Purchase		1,154	0.00
				17/01/2020	179 Sale		975	0.00
				24/01/2020	4,754 Purchase		5,729	0.01
				24/01/2020	209 Sale		5,520	0.01
				31/01/2020	196 Purchase		5,716	0.01
				31/01/2020	3,636 Sale		2,080	0.00
				07/02/2020	4,773 Purchase		6,853	0.01
				14/02/2020	2,216 Purchase		9,069	0.01
				14/02/2020	3,000 Sale		6,069	0.01
				21/02/2020	22,192 Purchase		28,261	0.03
				21/02/2020	1,601 Sale		26,660	0.03
				28/02/2020	680 Purchase		27,340	0.03
				28/02/2020	1,574 Sale		25,766	0.03
				06/03/2020	4,491 Purchase		30,257	0.04
				06/03/2020	7,302 Sale		22,955	0.03
				13/03/2020	1,325 Purchase		24,280	0.03
				13/03/2020	8,445 Sale		15,835	0.02
				20/03/2020	5,877 Purchase		21,712	0.03
				20/03/2020	5,656 Sale		16,056	0.02
				27/03/2020	30 Purchase		16,086	0.02
				27/03/2020	8,744 Sale		7,342	0.01
				31/03/2020	7,99,335 Purchase		8,06,677	0.96
				Closing Balance			8,06,677	0.96
9	PAYAL BHANSHALI							
	Opening Balance	0	0.00	01/04/2019			0	0
				02/08/2019	3,20,000 Purchase		3,20,000	0.38
				14/02/2020	4,00,000 Purchase		7,20,000	0.86
				27/03/2020	10,000 Sale		7,10,000	0.84
	Closing Balance			31/03/2020			7,10,000	0.84
10	AKASH BHANSHALI							
	Opening Balance	0	0.00	01/04/2019			0	0
				17/05/2019	4,80,000 Purchase		4,80,000	0.57
				31/01/2020	2,84,000 Purchase		7,64,000	0.91
				14/02/2020	6,21,000 Purchase		13,85,000	1.65
				21/02/2020	50,000 Purchase		14,35,000	1.71
				31/03/2020	8,00,000 Sale		6,35,000	0.75
	Closing Price			31/03/2020			6,35,000	0.75

(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, 2019)		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (as on March 31, 2020)	
		No. of Shares	% of total shares of the Company				No. of Shares	% to total shares of the Company
1	Mr. Devendra Prakash Shah	1,50,06,400	17.84	15-Nov-19	Increase	Purchase of 2,00,000 Equity Shares from Market	2,00,000	0.24
				31-Mar-20			1,52,06,400	18.08
2	Mr. Pritam Prakash Shah	91,59,888	10.89	01-Apr-19	No Change		91,59,888	10.89
				31-Mar-20				
3	Mr. B.M. Vyas	-	-				-	-
4	Mr. Sunil Goyal	-	-				-	-
5	Mr. Ramesh Chandak	-	-				-	-
6	Mr. Narendra Ambwani	1,000	0.00	26-Aug-19	Increase	Purchase from open market	2,000	
				17-Feb-20			1,500	
				31-Mar-20			4,500	0.01
7	Mr. Nitin Dhavalikar	-	-				-	-
8	Ms. Radhika Pereira	-	-				-	-
9	Mr. Vimal Agarwal*	-	-				-	-
10	Mr. Venkat Shankar**	-	-				-	-
11	Mr. Shashikant Dalmia#	-	-				-	-
12	Mrs. Rachana Sanganeria	1,641	0.00	01-Apr-19	No Change		1,641	0.00
				31-Mar-20				

*Resigned as Chief Financial Officer with effect from July 19, 2019

**Appointed as Chief Executive Officer with effect from July 04, 2019

#Appointed as Chief Financial Officer with effect from August 02, 2019

V. INDEBTEDNESS

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

(₹ In Million)

Particulars	Secured Loans excluding deposits	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
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
Total (i+ii+iii)	2,366.00	-	-	-	2,366.00
Change in Indebtedness during the financial year					
• Addition	1,598.98				1,598.98
• Reduction	0.00				-
Net Change	1,598.98	-	-	-	1,598.98
Indebtedness at the end of the financial year					
i) Principal Amount	3,950.86	-	-	-	3,950.86
ii) Interest due but not paid					-
iii) Interest accrued but not due	14.11				14.11
Total (i+ii+iii)	3,964.98	0.00	0.00	0.00	3,964.98



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 P. Shah (Whole Time Director)	Mr. Pritam Prakash Shah (Managing Director)	Total Amount
1	Gross salary (per annum)	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	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- Others	-	-	-
5	Others.			
	Total (A)	24.00	24.00	48.00
	Ceiling as per the Act	128.00		
	(Being 10 percent of Net Profits of the Company calculated as per section 198 of the Act)			

B. Remuneration to other Directors:

(₹ In Million)

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	1.1	0.0	0.8	1.1	0.7	3.7
	b. Commission	0.0	0.0	0.0	0.0	0.0	0.0
	c. Others	0.0	0.0	0.0	0.0	0.0	0.0
	Total (1)	1.1	0.0	0.8	1.1	0.7	3.7
2	Other Non-Executive Directors			*Mr. B. M. Vyas			
	a. Fee for attending Board / Committee meetings						8.4
	b. Commission						0
	c. Others, please specify						0
	Total (2)						8.4
	Total (B) = (1+2)						12.10
	Ceiling as per the Act[^]						12.88
	(Being 1% of net profit of the company as calculated u/s 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. (out of pocket expense included)

Note: Being paid sitting fees exclusive of applicable taxes.

[^] 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)*	Mr. Shashikant Dalmia (Chief Financial Officer)#	Mr. Venkat Shankar (Chief Executive Officer)**	Mrs. Rachana Sangneria (Company Secretary & Compliance Officer)	
1	Gross Salary	5.69	4.60	14.92	2.05	27.26
	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) @	-	1,811	-	1,044	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- Others, specify	-	-	-	-	-
5	Others, please specify.	-	-	-	-	-
	Total	5.69	4.60	14.92	2.05	27.26

*Ceased with effect from July 19, 2019

#Appointed with effect from August 02, 2019

**Appointed with effect from July 04, 2019

@ESOP Options vested but yet to be 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)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

For and on behalf of the Board

Place: Mumbai
Date: September 07, 2020**Devendra P. Shah**
Executive Chairman
DIN: 01127319



ANNEXURE - VI

Disclosure in Board's Report as per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule (5) (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. 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 2019-20.	Name of the Directors	Category	Ratio (In x times)	No. of ESOPs granted during 2020
		Mr. Devendra P. Shah	Executive Chairman- Whole time Director	103.29	N. A.
		Mr. Pritam P. Shah	Managing Director	103.29	N. A.
		Mr. B. M. Vyas	Non-Executive Director	34.86	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 19,363.50			
		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 2019-20.	Name of the Directors	Category	% Increase in remuneration	
		Mr. Devendra P. Shah	Executive Chairman- Whole Time Director	N.A.	
		Mr. Pritam P. Shah	Managing Director	N.A.	
		Mr. B. M. Vyas	Non-Executive Director	N.A.	
		Mr. Venkat Shankar #	Chief Executive Officer	N.A.	
		Mr. Shashikant Dalmia *	Chief Financial Officer	N.A.	
		Mr. Vimal Agarwal **	Chief Financial Officer	N.A.	
		Ms. Rachana Sangneria	Company Secretary & Compliance Officer	15.1%	
3.	The percentage increase/decrease in the median remuneration of employees in the financial year 2019-20.	The median percentage decrease in the median remuneration of employees in the financial year 2019-20 is 1.7%.			
4.	Number of permanent employees on the rolls of the Company	There were 1,718 permanent employees of Parag Milk Foods Limited as on March 31, 2020			
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 and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	For the employees other than managerial personnel who were in employment in FY 2018-19, the average increase is 2.2%. Average increase in managerial remuneration is 25.29%.			
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	Yes, it is confirmed.			

Appointed as CEO w.e.f 04-07-2019

* Appointed as CFO w.e.f 02-08-2019

** Ceased as CFO w.e.f. 19-07-2019

For and on behalf of the Board

Place: Mumbai
Date: September 07, 2020

Devendra P. Shah
Executive Chairman
DIN: 01127319

ANNEXURE - VII**FORM NO. MR3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

[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 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised 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, 2020 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, 2020 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;- Not Applicable for this financial year
- 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. The Prevention of 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. The Petroleum Act, 1934 & Rule 2002
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 Indian Boiler Act, 1923
17. The Gas Cylinder Rule, 1981
18. Central Motor Vehicle Rules, 1989
19. The Batteries (Management and Handling) Rules, 2001
20. The Indian Electricity Rules, 1956
21. The Public Liability Act, 1991 and The Public Liability Insurance (Amendment) Rules, 2007
22. The Manufacture, Use, Import, Export, and Storage of hazardous Microorganisms/ Genetically Engineered Organisms or Cells Rules, 1989

23. The Environment (Protection) Act, 1986 & Rules and notifications issued under the Act
24. Hazardous Waste (Management and Handling) Rules, 1989
25. Monopolies and Restrictive Trade Practices Act, 1969
26. Consumer Protection Act, 1986
27. Tax Laws:
 - Income Tax Act, 1961
 - State Goods and Services Tax Act
 - Central Goods and Service Tax Act
 - Interstate Goods and Service Tax Act
28. 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
29. Indian Stamp Act, 1899 and the State Stamp Acts;
30. The Labour Welfare Fund, Act, 1953;
31. Indian Contract Act, 1872
32. Negotiable Instruments Act, 1881
33. Information Technology Act, 2000
34. 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 audit period, the Members at the Annual General Meeting held on September 30, 2019 approved the following special resolutions:

- i. Re-appointment of Mr. Narendra Ambwani (DIN: 00236658) as an Independent Director of the Company 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.
- ii. Re-appointment of Ms. Radhika Pereira (DIN: 00016712) as an Independent Director of the Company 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.
- iii. Re-appointment of Mr. Nitin Dhavalikar (DIN: 07239870) as an Independent Director of the Company 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.
- iv. To create, offer and grant 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 ₹ 10/- each under PMFL-Employees Stock Option Scheme 2019.

For **M/s N L Bhatia & Associates**
Practising Company Secretaries
UIN: P1996MH055800

N. L. Bhatia
Managing Partner
FCS:1176
CP.No.422
UDIN: F001176B000391973

Place: Mumbai
Date: June 28, 2020

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.

For **M/s N L Bhatia & Associates**
Practising Company Secretaries
UIN: P1996MH055800

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

UDIN: F001176B000391973

Place: Mumbai
Date: June 28, 2020



Corporate Governance Report

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 recognised Stock Exchanges.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Parag Milk Foods Limited ("the Company") is committed towards achieving the highest standards of Corporate Governance by maintaining the right balance between economic, social, individual and community goals. A good governance process provides transparency of corporate policies and the decision making process and also strengthens internal systems and helps in building good relationship with all stakeholders

The Company has always conducted itself by adhering to the core values of transparency, accountability and integrity in all its business practices and management. The Company believes that a business can be successful if it is ethical and meets the aspirations of all its stakeholders which include shareholders, employees, suppliers, customers, investors, communities or policy makers. Responsible corporate conduct is integral in the way the Company does its business. The Company focuses on the best corporate practices in every facet of its operations for maximising the shareholders' value. The Company ensures compliance with all applicable laws and regulations. The Company believes in carrying out its operations in a sustainable manner with optimal utilisation of natural resources. The Company engages itself in a credible and transparent manner with all its stakeholders to make sure that the Company's long term strategies and vision are communicated well.

The Board of Directors ('the Board') are responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across the globe.

2. BOARD OF DIRECTORS

The Board of Directors have ultimate responsibility of the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Chairman and Managing Director of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosures.

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.

a. Composition and Board Diversity

The Board of Directors ('the Board') comprises of appropriate mix of Executive and Non-Executive Directors as required under the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') to maintain the independence of the Board and also to maintain an optimal mix of professionalism, knowledge and experience to enable it to discharge its responsibilities.

The Board consists of Eight Directors, two of whom are Executive Directors, Mr. Devendra P. Shah, Executive Chairman and Mr. Pritam P. Shah, Managing Director are the Whole-time Directors of the Company as on March 31, 2020. The remaining Non-Executive Directors comprises of, one Non-Executive (Non-Independent) Director and five Independent Directors including one Women Director. In terms of Regulation 17 of the Listing Regulations, the non-executive independent directors constitute 50% of the Board as at March 31, 2020. The members of the Board are from diverse background having expertise in the fields of Industrial, Managerial, Technical, Financial, Marketing, legal background. The Board is responsible for and committed to sound principles of Corporate Governance in the Company. The Board, along with its Committees, provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby, enhancing stakeholders' value. The Board has a fiduciary relationship being responsible for managing the affairs of the Company on behalf of the shareholders and

ensuring that the rights of all stakeholders are protected. The Board is collectively responsible to ensure that processes are structured to direct the Company's actions, assets and agents to achieve the aim of maximisation of stakeholders' value. For Directors' Profile, please refer the 'Profile of Directors' section in the Annual Report.

b. Board Procedures

All Board/Committee members are given notice of the meetings in advance. Structured Agenda and detailed notes on agenda are circulated to the Directors in advance along with detailed supporting documents for facilitating meaningful and focused discussions at the meetings. Where it is not feasible to attach any document to the agenda, being an Unpublished Price Sensitive Information, the same is placed before the meeting with the general consent of the Directors obtained at the beginning of the financial year. In special and exceptional circumstances, additional item(s) on the agenda is/are taken up with due permission. The Board takes decision based on detailed discussions and deliberations. The members of the Board have complete independence to raise any issue/matter for discussion. The Directors take active part at the Board and Committee Meetings by providing valuable guidance and expert advice to the Board and the Management on various aspects of business, policy direction, governance, compliance, etc. and play critical role on strategic issues and add value in the decision making process of the Board of Directors. Apart from Board Members and the Company Secretary, the Board and Committee Meetings are generally also attended by the Chief Financial Officer and wherever required by the Heads of various Corporate Functions. Minutes of the proceedings of each Board/Committee meetings are recorded. Draft minutes are circulated amongst all members for their comments. The minutes of the proceedings are entered in the minute book. The Company has an effective mechanism for post meeting follow-up, review and reporting the process for the actions taken on decisions of the Board and Committees. During the year under review, information as mentioned in Part A of Schedule II of the Listing Regulations, has been placed before the Board for its consideration. The Board periodically reviews the compliance reports of all laws applicable to the Company. 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. Conferencing or other audio-visual means is made available to the Directors to enable them to join the meeting from other locations as well. The Company adheres to the Secretarial Standards as prescribed by the Institute of Company Secretaries of India.

During the financial year 2019-20, the Board of Directors met five times i.e., on May 11, 2019, July 03, 2019, August 02, 2019, October 24, 2019, and January 30, 2020. 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 27th AGM of the Company was held on September 30, 2019.

c. Independent Directors Confirmation by the Board

The Company has received declarations on criteria of independence as prescribed in Section 149(6) of the Act and Regulation 16 (1) (b) and Regulation 25 (8) of the Listing Regulations from the Directors of the Company who have been classified as Independent Directors as on March 31, 2020. Further in terms of the Regulation 25(8), they have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties

A Declaration on compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, along with a declaration as provided in the Notification dated October 22, 2019, issued by the Ministry of Corporate Affairs ("MCA"), regarding the requirement relating to enrolment in the Data Bank for Independent Directors, has been received from all the Independent Directors, along with declaration made under Section 149(6) of the Act.

All such declarations/confirmations of Independent Directors are placed before the Board. Based on such confirmations, in the opinion of the Board, all Independent Directors of the Company fulfil the conditions specified under the Act and SEBI Listing Regulations and are independent of the management of the Company.

Pursuant to Section 164(2) of the Act, all the Directors have also provided annual declarations that they have not been disqualified to act as Directors. M/s. N. L. Bhatia & Associates, Practicing Company Secretaries has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company are debarred or disqualified from being appointed or continuing as directors of the Company by SEBI/Ministry of Corporate Affairs or any such statutory authority. The same forms part of this Annual Report.

d. None of the Directors have any inter-se relationship among themselves in terms of the definition of 'relative' given under the Act except Mr. Devendra P. Shah and Mr. Pritam P. Shah who are brothers.

e. None of the Independent Non-Executive Directors hold any equity shares or convertible instruments of the Company during the financial year ended March 31, 2020, except Mr. Narendra Ambwani who holds 4500 equity shares of the Company.

f. Directors' Directorships/Committee Memberships

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year



under review and at the last Annual General Meeting (“AGM”), 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, 2020 are given herein below. As per Regulation 17A of the Listing Regulations, Independent Directors of the Company do not serve as Independent Director in more than seven listed companies. Further, the Managing Director of the Company does not serve as an Independent Director in any listed entity.

Other directorships do not include directorships of private limited companies, foreign companies and companies

registered under Section 8 of the Companies Act, 2013 (“Act”). Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies 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 the Listing Regulations. The number of Directorship(s), Committee Membership(s) / Chairmanship(s) of all Directors is within respective limits prescribed under the Act and SEBI Listing Regulations as amended from time to time.

Name of the Directors	Category	Number of Board Meetings attended during the FY 2020	Whether attended last AGM Held on 30-9-2019	Number of Directorship(s) in other Public Limited Companies	Number of Committee positions held in other Public Limited Companies		Directorships in other Listed entities alongwith the Category of Directorship
					Member	Chairman	
Mr. Devendra P. Shah DIN: 01127319	Promoter/ Executive Chairman	5	Yes	-	-	-	-
Mr. Pritam P. Shah DIN: 01127247	Promoter/ Managing Director	5	Yes	-	-	-	-
Mr. B. M. Vyas DIN: 00043804	Non-Executive Non-Independent Director	5	Yes	1	-	-	-
Mr. Sunil Goyal* DIN: 00503570	Independent Director	3	No	3	2	1	i) Ladderup Finance Limited (Managing Director) ii) JSW Energy Limited (Non-Executiva Independent Director)
Mr. Ramesh Chandak DIN: 00026581	Independent Director	5	Yes	5	3	3	i) Ram Ratna Wires Limited (Non-Executive Independent Director) ii) KEC International Limited (Non-Executive Independent Director) iii) Summit Securities Limited (Non-Executive Independent Director) iv) Prince Pipes and Fittings Limited (Non-Executive Independent Director)
Mr. Narendra Ambwani DIN: 00236658	Independent Director	4	Yes	4	5	1	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	5	Yes	-	-	-	-
Ms. Radhika Pereira DIN: 00016712	Independent Director	5	No	3	3	2	i) Fairchem Speciality Limited (Non-Executive Independent Director) ii) Jain Irrigation Systems Limited (Non-Executive Independent Director) iii) Tips Industries Limited (Non-Executive Independent Director)

* Mr. Sunil Goyal ceased as an Independent Director on completion of 1st term of consecutive five years as Independent Director and also ceased to be member of audit committee w.e.f May 25, 2020

g. Skills/Expertise/Competence of the Board of Directors

The Directors on the Board are eminent industrialists/professionals and have expertise in their respective functional areas, which bring with them the reputation of independent judgement and experience which adds value to the Company's business. Directors are inducted on the Board on basis of the possession of skills identified by the Board and their special skills with regards to the industries/fields they come from.

The brief profiles of Directors forming part of this Annual Report gives an insight into the education, expertise, skills and experience of the Directors, thus bringing in diversity to the Board's perspectives.

The core skills/expertise/competencies identified by the Board of Directors as required in the context of its business (es) and sector(s) for it to function effectively

- i) Knowledge – understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates.
- ii) Behavioural Skills – attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders
- iii) Strategy and Planning – Experience in developing strategies, critically accessing strategic opportunities and threats for growth of the business in a sustainable manner, assisting management in taking decisions taking into consideration the diverse and varied business and also uncertain environment.
- iv) Financial/ Technical/ Professional skills and specialised knowledge to assist the ongoing aspects of the business.
- v) Governance- Experience in developing governance framework, serving the best interests of all stakeholders, driving board and management accountability, building long-term effective stakeholder engagements and sustaining corporate ethics and values.

In terms of the requirement of the Listing Regulations, the Board has identified the core skills/expertise/competencies of the Directors in the context of the Company's business for effective functioning and as available with the Board. These are as follows:

Skills /Expertise/ Competencies	DS	PS	BM	SG	RC	NA	RP	ND
Knowledge	Yes							
Behavioural Skills	Yes							
Strategy and Planning	Yes							

Skills /Expertise/ Competencies	DS	PS	BM	SG	RC	NA	RP	ND
Financial/Technical/ Professional skills and specialised knowledge to assist the ongoing aspects of the business	Yes							
Governance	Yes							

Note:- DS-Devendra P. Shah, PS-Pritam P. Shah, BM-B. M. Vyas, SG-Sunil Goyal, RC-Ramesh Chandak, NA-Narendra Ambwani, RP-Radhika Pereira, ND- Nitin Dhavalikar

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

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.

h. Separate Meeting of Independent Directors

Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, mandates the Independent Directors of the Company to hold at least one meeting in a financial year without the attendance of Non-Independent Directors and members of the management. Due to lockdown imposed in the Country because of outbreak of COVID-19 pandemic, the separate Independent Director's meeting scheduled on March 24, 2020 was rescheduled and conducted by tele conferencing on June 29, 2020. The meeting was chaired by Mr. Ramesh Chandak, Independent Director wherein the Independent Directors inter alia discussed the following:

- i. Reviewed the performance of Non- Independent Directors and the Board as a whole;
- ii. Reviewed the performance of the Chairman of the Company, taking into account the views of executive directors and non-executive directors;
- iii. Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at this meeting through Tele Conferencing.

The outcome of the meeting was apprised to the Chairman of the Company.



i. Familiarisation Programme for Independent Directors

Newly appointed Directors are provided with an appointment letter setting out their roles, function, duties and responsibilities and copies of the Code of Conduct, Policy on Prohibition of Insider Trading Code and other policies as may be applicable to them.

Presentations are made by Senior Management Personnel/ Business Heads of the Company to the Independent Directors covering nature of industry, business model, business performance and operations, challenges & opportunities available, etc. Certain programmes are merged with the Board/ Committee meetings for the convenience of the Directors. Separate programs are also conducted for them as per their requirement.

On an on-going basis, periodic presentations are made at the Board and Committee meetings on performance updates of the Company, industry scenario, business strategy, operational review of subsidiary, updates on capital expenditure, internal control and strategic and operational risks involved and its mitigation plan, major litigations, major achievements, etc.

Further, as a part of Familiarisation Programme, regular updates on relevant statutory and regulatory changes encompassing important laws are presented to the Directors. The Board has adopted a Policy on Familiarisation Programme for the Independent Directors which aims to provide significant insight into the business of the Company. The details of familiarisation programme imparted to Independent Directors during the financial year 2019-20 are available at the Company's website and can be accessed at www.paragmilkfoods.com.

x. Governance Codes

i. Policy on Code of Conduct for Directors and Senior Management

The Company has adopted Code of conduct for Directors and Senior Management ("the Code") which is applicable to the Board of Directors and senior management of the Company. The Board of Directors and the members of Senior Management Team of the Company are required to affirm annual Compliance of this Code. A declaration signed by the Managing Director of the Company to this effect is placed at the end of this report. The Code requires Directors and Employees to act honestly, fairly, ethically, and with integrity, conduct themselves in professional, courteous and respectful manner. The Code is displayed on the Company's website viz. www.paragmilkfoods.com.

ii. Conflict of Interests

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year, if any. The Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The Members of Board restrict themselves from any discussions and voting in transactions in which they have concern or interest.

iii. Insider Trading Code

The Company has adopted Policy for Prevention of Insider Trading, an Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Designated Persons ("the PIT Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time ("the PIT Regulations"). The Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Persons 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 put in place adequate and effective system of internal controls to ensure compliance with the requirements of the PIT Regulations. A structured digital database is being maintained by the Company, which contains the names and other particulars as prescribed of the persons covered under the Codes drawn up pursuant to the PIT Regulations.

The Company has formulated the Policy and Procedure for Inquiry in Case of Leak of Unpublished Price Sensitive Information or Suspected Leak of Unpublished Price Sensitive Information ('UPSI'). The policy is formulated to maintain ethical standards in dealing with sensitive information of the Company by persons who have access to UPSI. The rationale of the policy is to strengthen the internal control systems to ensure that the UPSI is not communicated to any person except in accordance with the Insider Trading

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal effectively with specific areas / activities as mandated by applicable regulation; which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board and are guided by its terms of reference which defines the composition, scope, powers and duties & responsibilities considered to be performed by Members of the Board and the same are reviewed by the Board from time to time. The Chairman of the respective Committee updates the Board about the summary of the discussions held in the Committee Meetings. The Board of Directors have confirmed that during the year, all recommendations of the Committee(s) were duly considered and approved by the Board of Directors and none of the recommendation made by any of the Committees has been rejected by the Board. The minutes of the meeting of all Committees are placed before the Board for noting/review. The Board Committees can request special invitees to join the meeting, as appropriate.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

The Board has established the following statutory and non-statutory Committees:-

3. AUDIT COMMITTEE

Composition

The Audit Committee comprises of Mr. Ramesh Chandak as the Chairman, Mr. Sunil Goyal, Mr. Narendra Ambwani, Mr. Nitin Dhavalikar who are the Independent Directors and Mr. Pritam P. Shah, Managing Director as Members of the Committee.

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 177 of the Companies Act, 2013 read with the rules made thereunder and Regulation 18 and 21 read with Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations, 2015). Apart from the above, the Committee also carries out such functions/responsibilities entrusted on it by the Board of Directors from time to time. 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.

Meetings and Attendance

The Audit Committee meets at least once a quarter. The Audit Committee met four times during the Financial Year 2019-20. The maximum gap between two Meetings was not more than 120 days. The Committee met on May 11, 2019, August 02, 2019, October 24, 2019 and January 30, 2020. The requisite quorum was present at all the Meetings. The Chairman of the Audit Committee was present at the 27th Annual General Meeting of the Company held on September 30, 2019 to answer the Shareholder queries.

In these meetings, the Audit Committee reviews various businesses / functions, business risk assessment, controls and critical IT applications with implications of security and internal audit and control assurance reports of all the major divisions of the Company.

The meetings of Audit Committee are also attended by the Chief Financial Officer, representatives of Statutory Auditors, Internal Auditor and executives from accounts and finance department as special invitees. The Company Secretary acts as the Secretary to the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board.

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	4
2	Mr. Pritam P. Shah	Member	Managing Director	4	4
3	Mr. Sunil Goyal*	Member	Independent Director	4	3
4	Mr. Narendra Ambwani	Member	Independent Director	4	4
5	Mr. Nitin Dhavalikar	Member	Independent Director	4	4

* Mr. Suni Goyal Ceased as Independent Director w.e.f 25-05-2020

Terms of Reference

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and, inter-alia, performs the following functions:

- 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) modified opinion(s) 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 utilised 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 Chief Financial Officer 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 utilisation 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.

- 22) Review the functioning of vigil mechanism/ whistle blower mechanism for the Directors and employees to report their genuine concerns or grievances and provide mechanism for adequate safeguards against victimisation.
- 23) Audit Committee also monitors the Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.
- 24) Carry out all the functions as may be entrusted (i) by the Board of Directors, from time to time; and (ii) by the virtue of applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of Laws, as amended from time to time.

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 utilised 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 <https://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 and also reviews compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”) at least once in a financial year and verifies that the systems for internal control are adequate and are operating effectively.

4. NOMINATION AND REMUNERATION COMMITTEE

Composition

The Nomination and Remuneration Committee comprises of Five Directors. Mr. Nitin Dhavalikar, Independent

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 P. 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	2
5	Mr. Ramesh Chandak	Member	Independent Director	2	2

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated inter-alia to comply with the requirements as specified in Part D of the Schedule II of SEBI Listing Regulations including the amendment made through SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the provisions of Section 178 of the Act and Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

The role of the Nomination and Remuneration Committee inter-alia includes 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 other Employees.
- 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.

Director, is the Chairman of the Committee and Mr. Devendra P. Shah, Mr. B. M. Vyas, Mr. Ramesh Chandak and Ms. Radhika Pereira are the Members of the Committee. The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations, 2015. Apart from the above, the Committee also carries out such functions / responsibilities entrusted on it by the Board of Directors from time to time.

Meetings and Attendance

The Nomination and Remuneration Committee met twice during the year on July 03, 2019 and August 02, 2019. The requisite quorum was present at the Meeting. Mr. Nitin Dhavalikar, the chairman of the Committee was present at the 27th AGM of the Company held on September 30, 2019 to answer the Shareholder queries.

- 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

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. Individual directors including the Chairman of the Board were also evaluated on parameters such as level of engagement and contribution, independence of judgement. The performance evaluation of the Independent Directors was carried out by the entire Board basis participation of Independent directors in the meeting, raising of concerns to the Board, safeguarding the confidential information, rendering of independent decisions, unbiased opinions and resolution of issues in the meetings, timely inputs on the minutes, and initiatives in terms of planning and new ideas. The Directors expressed their satisfaction with the evaluation process.

A consolidated summary of the ratings given by each Director was then prepared. The report of performance evaluation was then discussed and noted by the Board.

The evaluation process 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. Constructive Inputs/contributions were received to further strengthen the performance and the effectiveness of the Board and Committee meetings held by the Company.

5. REMUNERATION OF DIRECTORS

The Company believes that human resource is the key for the continuous growth and development of the Company. The Board on the recommendation of Nomination and Remuneration Committee approved Remuneration Policy for Directors, KMP and senior management employees. The policy describes various aspects and guiding factors while determining the remuneration to Directors, KMP and senior managerial personnel of the Company with

intent to maintain level and composition of remuneration reasonable and sufficient to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and also create competitive advantage. Broad provisions of the Remuneration Policy are summarised hereunder

- a) Nomination and Remuneration committee (NRC) has important role in monitoring the policy.
- b) The Board, on the recommendation of NRC approves the remuneration payable to the Managing Director of the Company. The remuneration payable to the Managing Director shall be in accordance with the applicable provisions of the Act and the rules framed thereunder.
- c) The Board, on the recommendation of the NRC approves the remuneration payable to the Key Managerial Personnel and Senior Management Personnel. The structure of remuneration payable to Key Managerial Personnel and Senior Management Personnel will be in accordance with the compensation framework adopted for employees generally by the Human Resource department of the Company.
- d) The sitting fees to the Independent Directors is paid as per the provisions of the Act and the rules framed thereunder.

The Policy on remuneration of Directors, Key Managerial Personnel and Senior Managerial Personnel of the Company is in consonance with the existing industry practice and is available on the Company's corporate website <https://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 2019-20 was ₹ 37 Lakh. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

The eligible Non-Executive Directors may be paid commission upto an aggregate maximum of 1% of the net profits of the Company as specifically computed for this purpose and as may be approved by Board and Members of the Company. Mr. B. M. Vyas, Non-executive non-independent Director is paid only consultancy fees for professional services offered by him. The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors / Independent Directors during the financial year 2019-20.

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 Nomination and Remuneration 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, 2020 are given below:

₹ in Million			
Name of Director	Remuneration	Sitting Fees	Total
Mr. Devendra P. Shah Whole Time Director	24.00	-	24.00
Mr. Pritam P. 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
NON-EXECUTIVE INDEPENDENT DIRECTORS			
Mr. Sunil Goyal *	-	-	-
Mr. Ramesh Chandak	-	1.1	1.1
Mr. Narendra Ambwani	-	0.8	0.8
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.

6. 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 (SRC) has been constituted. The Stakeholders Relationship Committee comprises of Mr. B. M. Vyas as the Chairman and Mr. Devendra P. Shah, Mr. Pritam P. Shah, and Mr. Nitin Dhavalikar as Members of the Committee. During the Financial Year 2019-20, SRC meeting was scheduled in March considering the lockdown imposed in the Country due to outbreak of pandemic COVID-19 and as per the SEBI Circular in pursuance to SEBI circular SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020 which granted further relaxations from compliances from LODR due to Covid-19 pandemic, wherein, inter alia, under Conduct of Meetings under Reg 20(3A). The Stakeholders Relationship committee shall meet at least once in a year, was extended for a period of 3 months till June 30, 2020, the meeting was held on June 30, 2020 for FY 2019-20. The table below highlights the composition and attendance of the Members of the Committee.

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	0
2	Mr. Devendra P. Shah	Member	Executive Director	1	1
3	Mr. Pritam P. Shah	Member	Executive Director	1	1
4	Mr. Nitin Dhavalikar	Member	Independent Director	1	1

Name and Designation of the Compliance Officer

Ms. Rachana Sanganeria, Company Secretary acts as Compliance Officer of the Company in terms of Regulation 6 of the Listing Regulations.

The Secretarial Department of the Company, Investor Relations team and the Registrar and Share Transfer Agent, KFin Technologies Private Limited attend to all grievances of the shareholders received directly or through SEBI,

Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

During the financial year ended March 31, 2020, 40 complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the shareholders and no investor complaint was pending as on March 31, 2020. The Company has acted upon all valid requests for share transfer received during FY 2019-2020 and no such transfer is pending.



No investor grievances remained unattended /pending for more than thirty days as on March 31, 2020.

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	10
Non-Receipt of Dividend	30

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.

Terms of Reference:

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated inter-alia to comply with the requirements as specified in Regulation 20 read with Part D of the Schedule II of SEBI (LODR) Regulations, 2015, as amended and the provisions of Section 178 of the Companies Act, 2013.

The role of the Stakeholders' Relationship Committee inter-alia includes 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

The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement of the quality of investor services as and when need arises.

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.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

In terms of Section 135 of the Act, the Board has constituted the Corporate Social Responsibility ("CSR") Committee. The Committee composition as on March 31, 2020 is as under:

Name of the Member	Position	Category
Mr. B. M. Vyas	Chairman	Non-Executive, Non Independent Director
Mr. Devendra P. Shah	Member	Executive Director
Mr. Narendra Ambwani	Member	Independent Director
Ms. Radhika Pereira	Member	Independent Director

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 undertaken 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

Meetings and Attendance:

The CSR Committee Meeting was scheduled in March last week but due to the lockdown imposed in the Country due to outbreak of pandemic COVID-19, CSR Committee Meeting could not be held during the year 2019-20, therefore the approval of the members was taken by passing a circular resolution dated March 30, 2020 which was unanimously approved by the Members.

The details of corporate social responsibility activities of the Company during the year are mentioned in the annexure to the Directors' Report.

8. 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 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 April 23, 2019, June 26, 2019, August 05, 2019, September 24, 2019, November 26, 2019, December 09, 2019, January 10, 2020, and February 06, 2020.

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 the Member	Designation	Category	No. of Meetings during the year	
				Held	Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	8	8
2	Mr. Pritam P. Shah	Member	Executive Director	8	8
3	Mr. Devendra P. Shah	Member	Executive Director	8	6

Subsidiary Company

The Board of Directors of the Company has approved a Policy for determining Material Subsidiaries which is in line with the Listing Regulations as amended. The said policy has been uploaded on the website of the Company viz. www.paragmilkfoods.com. As on March 31, 2020, 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.

The Company monitors performance of its subsidiary company, inter alia, by the following means:

- Financial statements, in particular investments made by subsidiary companies, are reviewed quarterly by the Company's Audit Committee.
- Minutes of Board meetings of company subsidiary are placed before the Company's Board regularly.
- A statement containing all significant transactions and arrangements entered into by subsidiary companies is placed before the Company's Board.

- Presentations are made to the Company's Board on business performance by the senior management on subsidiary of the Company.

The Company discloses all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the SEBI Listing Regulations including material information having bearing on the performance/operations of the Company and other price sensitive information. Information to Stock Exchanges is filed electronically on the online portals of BSE Limited i.e. BSE Corporate Compliance & Listing Centre (Listing Centre) and National Stock Exchange of India Limited i.e. NSE Electronic Application Processing System (NEAPS).



9. SHAREHOLDER INFORMATION

GENERAL BODY MEETINGS

a. 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
27th AGM 2018-19	September 30, 2019 at 03:30 P.M.	A-Wing, 5th Floor, MCCIA Trade Tower, ICC Complex, 403, Senavati Bapat Road, Mahratta Chamber of Commerce Industries & Agriculture (MCCIA), Pune - 411 016 - Maharashtra.	<ol style="list-style-type: none"> To re-appoint Mr. Narendra Ambwani (DIN: 00236658) as an Independent Director. To re-appoint Ms. Radhika Pereira (DIN: 00016712) as an Independent Director. To re-appoint Mr. Nitin Dhavalikar (DIN: 07239870) as an Independent Director. To approve Parag Milk Foods Limited (PMFL) "Employee Stock Option Scheme 2019" (ESOP 2019 / Parag ESOS 2019)
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"> To re-appoint Mr. Pritam P. Shah (DIN: 01127247) as the Managing Director and Key Managerial Personnel (KMP) of the Company. To re-appoint Mr. Devendra P. Shah (DIN: 01127319) as Whole-Time Director and Key Managerial Personnel (KMP) of the Company. To ratify Parag Milk Foods Limited "Employee Stock Option Scheme 2015" (ESOS 2015) Alteration of Articles of Association
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"> Approval for Payment of Managerial Remuneration to Mr. Devendra P. Shah- (DIN 01127319) - Chairman. Approval for Payment of Managerial Remuneration to Mr. Pritam P. Shah (DIN 01127247) - Managing Director.

b. Postal Ballot

For matters which are urgent and require shareholders' approval in the period between the AGMs, the Company seeks the approval of shareholders through postal ballot. In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company also provides electronic voting (e-voting) facility to all its members.

During the year, the Company did not pass any special resolution through postal ballot. The details of the previous postal ballots are available on the website, at <https://www.paragmilkfoods.com>.

Further, none of the businesses proposed to be transacted at the ensuing AGM require passing a Special Resolution through postal ballot.

10. MEANS OF COMMUNICATION

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 transparency, accountability and confidence in the stakeholders and strengthens robust 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.

a.	Quarterly /Half Yearly/Annual Results	The Company regularly submits un-audited/audited quarterly/half yearly/annual financial results in the prescribed format pursuant to Regulation 33(3) of the Listing Regulations to the Stock Exchanges, as soon as these are taken on record/approved by the Board and the same is also displayed on the Company Website.
b.	Newspapers wherein results normally published	The financial results are published in leading English and Marathi dailies, viz. "The Financial Express" (English Newspaper) and "Lok Satta Pune" (Marathi Newspaper).
c.	Any Website, where displayed	The Company's corporate website address is www.paragmilkfoods.com which contains a dedicated section "Investors Tab" where shareholder related information disseminated to the Stock Exchange is available such as financial results, Annual Reports, shareholding patterns, quarterly compliance reports on Corporate Governance, schedule of analyst or institutional investor meet and presentations made by the Company on the quarterly financial results.

		Information available also includes credit ratings, the policies framed by the Company under various laws and regulations, contact information of the Investor Relations Head responsible for assisting and handling investor grievances, details of familiarisation programs imparted to Independent Directors, The Company discloses all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the SEBI Listing Regulations including material information having bearing on the performance/operations of the Company and other price sensitive information to Stock Exchanges is filed electronically on the online portals of BSE Limited i.e. BSE Corporate Compliance & Listing Centre (Listing Centre) and National Stock Exchange of India Limited i.e. NSE Electronic Application Processing System (NEAPS) and such other information as may be required to be uploaded on the website of the Company in compliance / accordance with Regulation 46 of the SEBI Listing Regulations as amended from time to time.
d	Whether it also displays official news releases	Yes
e	The presentations made to institutional investors or to analysts	Any presentation made to the institutional investors or/and analysts are submitted to the stock Exchanges and also posted on the Company's website.
f	Other means of communication	The Company sends Annual Report, intimation to Shareholders for various matters, Notices related to General Meetings and Postal Ballot by e-mail to those Shareholders whose e-mail ID are registered with the Company/ Depository Participants and in hard copies to those Shareholders whose e-mail ID are not registered.

11. GENERAL SHAREHOLDER INFORMATION

a) 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**.

b) Annual General Meeting for the Financial Year 2019-20

DAY AND DATE	Tuesday, September 29, 2020
TIME	4.30 P.M.
DEEMED VENUE FOR MEETING	Annual General Meeting through video conferencing / other audio visual means as set out in the Notice convening the Annual General Meeting
FINANCIAL YEAR	April 01, 2019 to March 31, 2020
RECORD DATE	September 22, 2020
BOOK CLOURE DATE FOR DIVIDEND	September 23, 2020 to September 29, 2020

c) 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: www.bseindia.com	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: www.nseindia.com	PARAGMILK	INE883N01014

Listing Fees

Listing fees for both the Stock Exchange(s) for the year 2019-20 has been paid.



d) Dividend

The Board of Directors at their Meeting held on June 29, 2020, recommended a Final Dividend of ₹ 0.50/ per equity share of face value of ₹ 10/- each, for the financial year ended March 31, 2020 subject to approval of the shareholders at the ensuing Annual General Meeting. The Dividend shall be paid to the members whose names appear on Company's Register of Members on September 22, 2020 in respect of physical shareholders and whose name appear in the list of Beneficial Owner on September 22, 2020 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, 2020.

i. Dividend history for last 3 years

- Dividend at ₹ 1.00/- per equity share was declared out of the profits of the Company for the financial year ended March 31, 2019 on 8,41,14,582 Equity Shares of ₹ 10/- each fully paid up equity shares.
- 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.

ii. Unclaimed Dividend

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the IEPF, maintained by the Central Government.

In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat Account of the IEPF Authority.

In terms of the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 / Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, no amounts of unpaid / unclaimed dividends and shares were required to be transferred during the financial year 2019-20 to the IEPF.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 30, 2019 (date of last AGM) on the Company's website at <https://www.paragmilkfoods.com>.

Details of Unclaimed Dividend as on March 31, 2020 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	2018-19	September 30, 2019	October 30, 2019	₹ 19,084	October 05, 2026
2	2017-18	September 19, 2018	October 19, 2018	₹ 65,823	October 20, 2025
3	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 Funds. 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.

e) Market Price Data:

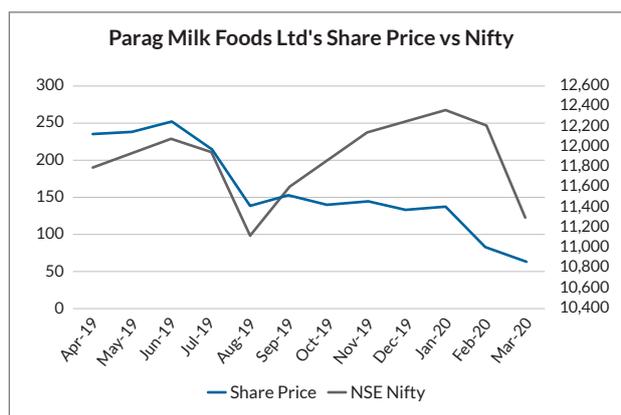
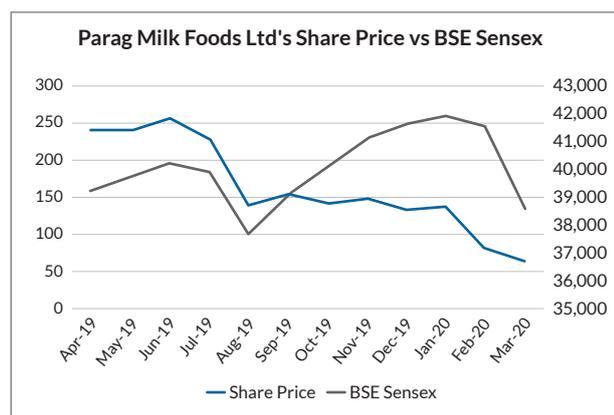
The details of monthly high/low market price of the Equity shares of the Company at BSE Ltd (BSE) and at the National Stock Exchange of India Ltd (NSE) for the year under review is provided here under:

Month	BSE			NSE		
	High	Low	Close	High	Low	Closing
Apr-19	268.35	260.15	240.70	264.35	237.05	237.05
May-19	264.00	246.10	240.85	250.15	229.10	239.00
Jun-19	263.80	254.40	255.90	256.65	239.70	254.00
Jul-19	276.05	269.60	229.15	273.80	215.20	215.20
Aug-19	233.65	219.00	140.15	228.80	130.75	138.50
Sep-19	177.00	163.45	154.90	168.95	133.00	154.00
Oct-19	163.35	156.00	143.15	159.25	137.00	141.40
Nov-19	156.90	148.45	148.95	154.65	125.00	145.00
Dec-19	149.10	145.40	134.15	149.10	132.50	133.50
Jan-20	162.70	155.00	138.85	158.20	133.20	138.05
Feb-20	137.25	126.50	80.75	139.10	80.10	80.10
Mar-20	84.70	77.15	63.95	80.60	48.50	63.00

Source: BSE and NSE Websites

f) 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:



g) Registrar and Share Transfer Agents

During the year, the Registrar and Share Transfer Agent of the Company has changed its name from M/s. Karvy Fintech Private Limited to M/s. KFin Technologies Private Limited (KFinTech) and shall continue to act as the Registrar and Share Transfer Agent of the Company.

KFin Technologies Private Limited ("Karvy"), Registrar & Share Transfer Agents (R&TA) of the Company is responsible 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.

KFin Technologies Private Limited
 Unit: Parag Milk Foods Limited
 Selenium Tower B, Plot number 31 & 32,
 Financial District, Gachibowli, Hyderabad – 500032
 Email ID: mohsin.mohd@kfintech.com
 Phone: +91 40 67161562/67161583
 Website: www.kfintech.com

h) Share Transfer System In accordance with the proviso to Regulation 40(1) of the Listing Regulations

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialised form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

The Board of Directors have delegated powers to the Registrar and Share Transfer Agents for effecting share transfers, splits, consolidation, subdivision, issue of duplicate share certificates, re-materialisation and dematerialisation etc., as and when such requests are received. Shareholders' requests for transfer / transmission of equity shares and other related matters are handled by Registrar and Transfer Agent and are effected within 15 days from the date of receipt, if all the documents with the Depositories are valid and in order. Shares held



in dematerialised form with the depositories are traded electronically. As at 31st March, 2020, no equity shares were pending for transfer.

The Company obtains a half-yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of Listing Regulations and the same is filed with the Stock Exchanges and available on the website of the Company. Further, the Compliance Certificate under Regulation 7(3) of the SEBI Listing Regulations, 2015 confirming that all activities in relation to both physical and electronic share transfer facility are maintained by Registrar and Share Transfer Agent registered with the Securities and Exchange Board of India is also submitted to the Stock Exchanges on a half yearly basis.

i) Dematerialisation of Shares

As on March 31, 2020, 100.00% of the equity shares of the Company have been dematerialised. The Company has entered into agreements with both National Securities Depository Limited and Central Depository Services (India) Limited whereby shareholders have an option to dematerialise their shares with either of the Depositories. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE883N01014. Entire shareholding of Promoters and Promoter Group is in dematerialised form. Status of Dematerialisation of equity shares as on March 31, 2020 is as under:

The percentage of total paid up shares that were held in dematerialised form as on March 31, 2020 are as given below:

Particulars	Equity Shares of ₹ 10/- each		Shareholders	
	No. of Shares	Percentage(%)	No. of Shareholders	Percentage(%)
Physical segment	3	0.00%	1	0.00%
Demat segment	8,41,14,579	100.00%	47,720	100.00%
NSDL (A)	7,22,71,483	85.92%	22,892	85.92%
CDSL (B)	1,18,43,096	14.08%	24,828	14.08%
Total (A+B)	8,41,14,582	100.00%	47,721	100.00%

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.

j) Shareholding Pattern as on March 31, 2020

The shareholding pattern of the Company as on March 31, 2020 with respect to categories of investors was as follows:

Category of Shareholder(s)	No. of Shareholders	No. of Shares	% of No. of Shares
(A) Shareholding of Promoter and Promoter Group			
(a) Individuals	10	3,88,61,435	46.20
(b) Bodies Corporate	-	-	-
Total Shareholding of Promoter and Promoter Group (A)	10	3,88,61,435	46.20
(B) Public Shareholding			
(1) Institutions			
(a) Mutual Funds	4	5,04,319	0.6
(b) Banks/FI	1	1,10,145	0.13
(c) Venture Capital Funds	1	50,42,534	5.99
(d) Foreign Portfolio Investors	39	12,141,099	14.43
(e) Alternative Investment Funds	1	75,000	0.09
(e) Other Foreign Investors	-	-	-
Sub-Total (B)(1)	46	1,78,73,097	21.25
(2) Non-Institutions			
(a) Bodies Corporate	374	82,84,306	9.85
(b) Individuals			
(i) Individual shareholders holding nominal share capital upto ₹ 2 Lakh	45,645	110,07,835	13.09
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh	47	47,16,562	5.61
(c) NBFCs registered with RBI	2	631,137	0.75
(d) Others	1593	25,64,195	3.05
Sub-Total (B)(2)	47,661	27,204,035	32.34
Total Public Shareholding (B)=(B)(1)+(B)(2)	47,717	4,50,77,132	53.59
(C) Non Promoter - Non Public Shareholder			
(a) Custodian/DR Holder			
(b) Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)	1	1,76,015	0.21
Total (A)+(B)+(C)	47,718	8,41,14,582	100

k) Distribution of shareholding of shares of the Company as on March 31, 2020 is as follows:

The broad shareholding distribution of the Company as on March 31, 2020 with respect to size of holdings was as follows:

SNo	Category	Cases	% of Cases	Amount	% of Amount
1	1-5000	42,628	89.33	40,641,520.00	4.83
2	5001- 10000	2,658	5.57	20,757,760.00	2.47
3	10001- 20000	1,261	2.64	18,819,740.00	2.24
4	20001- 30000	415	0.87	10,506,650.00	1.25
5	30001- 40000	181	0.38	6,481,240.00	0.77
6	40001- 50000	149	0.31	6,991,220.00	0.83
7	50001- 100000	228	0.48	17,070,050.00	2.03
8	100001& Above	201	0.42	719,877,640.00	85.58
	Total	47,721	100.00	841,145,820.00	100.00

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.

l) Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carries out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share 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 report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

m) 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.

n) Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in future and options related to commodities and therefore the disclosure pursuant to SEBI circular dated November 15, 2018 is not required to be given. The Company is exposed to exchange fluctuation risk for its sales to overseas customers in various foreign currencies. However, company has a natural hedging from Export proceeds it receives with regard to foreign exchange risk.

There are no materially uncovered exchange rate risks in the context of the Company's exports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on March 31, 2020 are disclosed in Notes to the standalone financial statements.

o) Credit Rating

During the year under review, the Credit Rating assigned to the Company by ICRA Limited in respect of Line of Credit was revised for long term is [ICRA] A+ (ICRA A plus) Stable and in respect of line of credit for short term is [ICRA] A1 (ICRA A one). The detailed report(s) of credit Rating obtained by the Company can be accessed at www.paragmilkfoods.com.

p) 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

q) Service of documents through electronic mode

As part of Green initiative, the members who wish to receive the notices/documents through e-mail, may kindly intimate their e-mail addresses to the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited in case of shares held in physical form and with the respective Depositories where shares are held in electronic form.

r) Address for correspondence

- All Members correspondence should be forwarded to M/s. KFin Technologies Private Limited, the Registrar and Transfer Agent of the Company or to the Investor Relations team at the Corporate Office of the Company at the addresses 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.

KFin Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)
Unit: Parag Milk Foods Limited
Selenium Tower B,
Plot 31-32, Gachibowli Financial District,
Nanakramguda Hyderabad - 500 032
Phone: +91- 040 - 67161562/ 67161583
Fax: +91 - 040 - 23001153
E-mail: mohsin.mohd@kfintech.com
Website: www.kfintech.com

Compliance Officer
Ms. Rachana Sangneria
Company Secretary &
Compliance Officer
E-mail: cs@paragmilkfoods.com
Phone: (022) 62805555

Investor Relations
Ms. Natasha Kedia
Head -Investor Relations
investors@paragmilkfoods.com
Phone: (022) 43005555

12. OTHER DISCLOSURES

a. Compliances with Governance Framework

The Company is in compliance with all mandatory requirements under the Listing Regulations.

b. Related Party Transactions

All transactions entered into with the Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the financial year were on arm's length basis and are in compliance with the requirements of the provisions of Section 188 of the Act.

Transactions with related parties entered in the ordinary course of business have been disclosed under significant accounting policies and notes forming part of the Standalone Financial Statements in accordance with "IND AS". There were no Materially Significant Transactions with Related Parties during the financial year. There were no materially significant transactions made by the Company with its Promoters, Directors or Management, and their relatives etc. that may have potential conflict with the interest of the Company at large.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a Policy on Related Party Transaction and the same is available at the Company's website and can be accessed at <https://www.paragmilkfoods.com>

In addition pursuant to Regulation 23(9) of the Listing Regulations, the Company has also submitted within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results and also published it on the website of the Company.

c. 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 specified under the Listing Regulations as well as other regulations

and guidelines of SEBI. Consequently there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three Financial years.

d. Whistle Blower Policy / Vigil Mechanism

In line with the provisions of the SEBI Listing Regulations, the Act and other SEBI Regulations and principles of good governance, the Company has formulated a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company. The Policy provides for framework and process to encourage and facilitate its employees and Directors to voice their concerns or observations without fear, or raise reports to the Management, of instance of any unethical or unacceptable business practice or event of misconduct/unethical behaviours, actual or suspected fraud and violation of Company's Code of Conduct etc. The Policy provides for adequate safeguards against victimisation of persons who avail such mechanism and provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

During the year under review, none of the personnel has been denied access to the Chairperson of the Audit Committee.

The policy is placed on the website of the Company at www.paragmilkfoods.com under 'Investors' tab.

e. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company is also committed to provide a work environment that ensures every woman employee is treated with dignity, respect and accorded equal treatment.

The Company has formulated a Policy on prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013 to ensure prevention, prohibition, and redressal against sexual harassment. Awareness programmes are organised to sensitise employees. During the year under review, no complaints of any nature were received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

f. Accounting Treatment:

The Financial Statements of the Company for FY 2019-20 have been prepared in accordance with the applicable accounting principles in India and the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the rules made thereunder.

The Company has followed accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

g. Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a statutory body, has issued Secretarial Standards (SS) on various aspects of corporate law and practices. The Company has complied with the SS -1 on Board Meetings and SS - 2 on General Meetings.

h. Insider Trading Code

The Company has adopted 'The Code of Conduct for Regulating, Monitoring and Reporting of trading by Designated Persons' ("Code of Conduct") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time ("SEBI Insider Regulations"). The Code of Conduct is applicable to Designated Persons as defined therein.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' ("the Code") in compliance with the SEBI Insider Regulations. This Code is uploaded on the website of the Company - www.paragmilkfoods.com. The Company has also formulated "Policy and Procedure for Dealing with leak of Unpublished Price Sensitive Information".

The Company's Code of Conduct inter alia prohibits dealing in securities of the Company by the designated persons defined therein, while in possession of unpublished price sensitive information.

i. Web link where policy for determining 'material' subsidiaries is disclosed: <https://www.paragmilkfoods.com>

j. Web link where policy on dealing with related party transactions is disclosed: <https://www.paragmilkfoods.com>

k. Disclosure of commodity price risks and commodity hedging activities: Given in 11(n) above.

l. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). - Not Applicable.

m. There was no such instance during FY 2019-2020 when the board had not accepted any recommendation of any Committee of the Board.

n. Certificate from Company Secretary in practice regarding disqualification of directors

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 Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

The said Certificate is appended to this Report.

o. Recommendations of Committees of the Board

During the year under review, there were no instances, where the Board did not accept any recommendations of any Committees of the Board which were mandatorily required.

p. Fees to Statutory Auditors

The details of total fees for all services paid by the Company and its subsidiaries, 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:

Name of Company or its subsidiaries obtaining service	Name of Statutory Auditor	Payment to Auditors	(₹ in Million)
Parag Milk Foods Limited	M/s. Haribhakti & Co. LLP	Audit fee	4.73
		Re-imbursment of expenses	0.03
Bhagalaxmi Dairy Farms Private Limited (WOS)	M/s. Haribhakti & Co. LLP	Audit fee	0.37
		Re-imbursment of expenses	-



13. 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 2019-20 or as on March 31, 2020 are in compliance with the applicable requirements of SEBI as per Listing Regulations.

The following non-mandatory requirements under Part E of Schedule II of the Listing Regulations to the extent they have been adopted are mentioned below:

- i) **The Board:** The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director.

iii) Shareholder Rights

The Company has not adopted the practice of sending out half - yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to the Stock Exchanges and updated on the website of the Company.

iv) Modified Opinion(s) in Audit Report:

There are no modified opinions in audit report.

v) Reporting of Internal Auditor

In accordance with the provisions of Section 138 of the Act, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

14. DISCLOSURE ON COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENT

- i. The Company has complied with the requirements specified in Regulations 17 to 27 and Regulation 46 of Listing Regulations as applicable.

- ii. **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.

15. 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 Chairman and Managing Director and the Chief Financial Officer is published in this Report.

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 2019-2020 has been obtained from all the Directors and Senior Managers.

Place: Mumbai
Date: June 29, 2020

Mr. Pritam P. Shah
Managing Director
DIN: 01127247

MANAGING DIRECTOR/CFO CERTIFICATE

To,
The Members of
Parag Milk Foods Limited

We, Pritam P. Shah – Managing Director and Shashikant Dalmia – Chief Financial Officer of Parag Milk Foods Limited, to the best of our knowledge and belief, certify that:

- 1) We have reviewed the Financial Statements for the Financial Year ended March 31, 2020 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, 2020 are fraudulent, illegal or violates 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 P. Shah
Managing Director
DIN: 01127247

Shashikant Dalmia
Chief Financial Officer

Place: Mumbai
Date: June 29, 2020



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(I) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Parag Milk Foods Limited,
Flat No.1, Plot No.19,
Nav Rajasthan Soc., Behind Ratna Memorial Hospital,
S.B. Road, Shivaji Nagar
Pune- 411016

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Parag Milk Foods Limited having CIN L15204PN1992PLC070209 and having registered office at Flat No.1, Plot No.19, Nav Rajasthan Soc., Behind Ratna Memorial Hospital, S.B. Road, Shivaji Nagar, Pune- 411016 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers. We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Radhika Carlton Pereira	00016712	26/05/2015
2.	Ramesh Chandak	00026581	24/06/2016
3.	Bharatkumar Mahendrabhai Vyas	00043804	22/07/2010
4.	Narendra Kumar Anand Ambwani	00236658	26/05/2015
5.	Sunil Badriprasad Goyal*	00503570	15/01/2008
6.	Pritam Prakash Shah	01127247	29/12/1992
7.	Devendra Prakash Shah	01127319	29/12/1992
8.	Nitin Ramchandra Dhavalikar	07239870	28/07/2015

*Mr. Sunil Badriprasad Goyal has ceased to be a Director w.e.f 25/5/2020 on completion of his term.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

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

UDIN: F001176B000386583

Place: Mumbai
Date: June 26, 2020

PRACTICING COMPANY SECRETARIES'
CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
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 Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period from April 01, 2019 to March 31, 2020. 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 statements 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 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.

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

N L Bhatia
Managing Partner
FCS: 1176
CP.No. 422
UDIN: F001176B000386583

Place: Mumbai
Date: June 26, 2020



Business Responsibility Report

[Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Company's Business Responsibility Report ("BRR") 2019-20 follows the National Voluntary Guidelines ("NVGs") on Social, Environmental and Economic Responsibilities of Business, as notified by the Ministry of Corporate Affairs (MCA), Government of India containing all the nine principles and is in accordance with the Regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, ("SEBI Listing Regulations")

This BRR delineates Parag Milk Foods Limited endeavors to conduct business with responsibility and accountability towards all its stakeholders in order to create sustainable value for them and to enhance their quality of life. This BRR is in line with the format prescribed under the SEBI Listing Regulations.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Company Information
1	Corporate Identity Number (CIN) of the Company	L15204PN1992PLC070209
2	Name of the Company	Parag Milk Foods Limited
3	Registered Address	Flat No.1, Plot No.19, Nav Rajasthan Soc., Behind Ratna Memorial Hospital, S.B. Road, Shivaji Nagar Pune, MH 411016 India
4	Website	www.paragmilkfoods.com
5	E-mail id	investors@paragmilkfoods.com
6	Financial Year reported	April 01, 2019 to March 31, 2020
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of dairy products (NIC Code 1050)
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Value Added Products (such as ghee, cheese, paneer, curd, buttermilk, lassi, gulab jamun mix, whey protein powders, etc.), Liquid Milk, Skimmed Milk Powder
9	Total number of locations where business activity is undertaken by the Company: (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	(a) Not Applicable (b) i. Three manufacturing facilities at Manchar in Maharashtra, Palamaner in Andhra Pradesh, and Sonipat in Haryana. ii. Registered office at Pune, corporate offices in Mumbai, Pune and Delhi. iii. 19 Depots at various locations across India and pan-India distribution network comprising of 3,000+ distributors and more than 3.5 Lakh retail touchpoints. (One Regional Distributor Centre)
10	Markets served by the Company - Local/State/ National/International	The Company sells its products across all states in India as well as exports its products to several countries around the world as UAE, Singapore, Mauritius, Oman, Kuwait, Saudi Arabia, Congo, Hong Kong, Philippines, Sri Lanka, Bangladesh, Maldives, USA Thailand, Nepal, Bhutan, to a major QSR across GCC countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Company Information
1	Paid up Capital (₹):	₹ 841.15 Million
2	Total Turnover (₹):	₹ 23,941.96 Million (Standalone)
3	Total profit after taxes (₹):	₹ 906.38 Million
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	As per Section 135 of the Companies Act, 2013 read with the rules made thereunder, the Company is required to spend ₹ 21.74 Million which is 2% of the average net profit (calculated in terms of Section 198 and other provisions of the Companies Act, 2013) in the preceding three financial years. However the Company has spent only ₹ 10.78 Million on CSR activities for FY 2019-20. The unspent amount being ₹10.96 Million For FY 2019-20.
5	List of activities in which expenditure in 4 above has been incurred:-	The details of CSR activities undertaken for FY 2019-2020 are provided in Annexure-III of the Directors' Report.

SECTION C: OTHER DETAILS

Sr. No.	Particulars	Company Information
1	Does the Company have any Subsidiary Company/ Companies?	Yes, Parag Milk Foods Limited has 1 wholly-owned Subsidiary as on March 31, 2020.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):	The subsidiary company being a separate legal entity defines its own initiatives specific to its business context as per rules and regulations as may be applicable to them whilst having access to information and expertise residing with the Parent company.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:	Other entities such as suppliers, clients and others with whom the Company does its business, do not participate in BR initiatives of the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Corporate Policies including the Business Responsibility Policies of the Company are engrained in day-to-day business operations of the Company and are implemented by the management and it is responsibility of concerned functionary or head of the department in charge of the relevant functions at various offices / manufacturing facilities of the Company. Mr. Pritam Prakash Shah, Managing Director of the Company oversees the implementation of the BR policies keeping in view the executives' feedback and reporting.

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	01127247
2	Name	Pritam Prakash Shah
3	Designation	Managing Director
4	Telephone number	022-4300 5555
5	e-mail id	investors@paragmilkfoods.com

2. Principle-wise BR Policy / policies (as per NVGs):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect and make efforts to restore the environment.
Principle 7 (P7)	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

BR Policies and coverage of NVG Nine principles:

(a) Details of compliance (Reply in Y/N)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for the Principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in Consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies conform to the principles of NVGs, the Companies Act, 2013 and International Standards of ISO-22000, ISO-14001, ISO 50001, OHSAS 18001 as applicable to the respective polices.								



No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies mandated under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are approved by the Board and other applicable policies are approved by the Managing Director or Functional Heads of the Company as appropriate.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Company has Audit Committee, Internal Complaints Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, CSR Committee and also adequate internal control systems to oversee the implementation of policies.								
6	Indicate the link for the policy to be viewed online?	All the policies except HR policies can be viewed at https://www.paragmilkfoods.com/policies . HR policies are restricted to employees of the Company.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N
		The Company is working on developing and improving its system for evaluating the implementation of the policies. The policies are evaluated internally from time to time and updated whenever required.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options):
Not Applicable

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Board of Directors of the Company/ its Committees assess the various business responsibility initiatives undertaken by the Company at various Board and Committee Meetings which typically take place every quarter.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company provides details of its business responsibility and sustainability initiatives in its Annual Report and the same can be accessed on the website of the Company i.e. www.paragmilkfoods.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: (Businesses should conduct and govern themselves with Ethics, Transparency and Accountability)

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?

The Company policies such as the Policy on Code of Conduct for Board Directors and Senior Management, Policy for Prevention of Insider Trading for regulating, monitoring and reporting of Trades by Designated Persons, Internal Code of practices & procedures for fair disclosure of UPSI, HR policy, Policy on Sexual Harassment at Workplace (Prevention, Prohibition and Redressal), Whistle Blower Policy, Policy on Related Party Transactions adopted by the Company and the Appointment letter executed by each employee when joining the Company and the governance structure inter alia covers the issues, related to ethics, accountability, conflict of interest and ensures that every transaction is transparent. Every employee of the Company

and its subsidiary are required to mandatorily adhere to the Company policies.

The Suppliers/ Contractors/ NGOs whilst dealing with the Company are encouraged to maintain ethical standards in all their practices and transactions with the Company. The Company believes in conducting its business without compromising on the ethical values of its employees, stakeholders or the organisation.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Details relating to complaints from investors during the financial years and redressal thereof is given in Corporate Governance Report contained in this Annual Report. These complaints were resolved to the satisfaction of the Stakeholders. Investors' grievances are handled by the investor's grievances team as and when voiced and are reviewed periodically. The Company has also in place a

Whistle Blower Mechanism, which enables Directors and employees to voice their concerns or observations without fear. It allows reporting of instances relating to any unethical or unacceptable business practice or event of misconduct/unethical behaviour, actual or suspected fraud and violation of the Company's policies, among others. Instances can be directly reported to the Audit Committee. The policy provides adequate safeguards against victimisation of persons who make use of this mechanism. Additionally, the complaints, grievances or views from other stakeholders are dealt with by the respective departments/functions within the Company.

Principle 2: (Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle)

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- (a) Gowardhan Ghee
- (b) Gowardhan Paneer
- (c) Pride of Cows

All our packaging material is made from environmental friendly materials and can be recycled.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

The Company is conscious about the judicious use of water, energy and resources in the course of production and manufacturing activities. Additional details relating to energy and others are given in the Annexure IV to the Board Report contained in this Annual Report.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

A major part of the Company's raw material is raw milk, which is sourced from 2 Lakh+ farmers and is therefore a 100% sustainable sourcing. The Company maintains a healthy relationship with its suppliers, vendors and other service providers and the business practices of the Company include them in its growth. The process of vendor selection and registration lays emphasis on safe working conditions, prevention of child labour, business ethics and general housekeeping by the vendor.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company procures milk, which is a major part of its raw materials sourced, from the local farmers in the vicinity of its manufacturing facilities. The Company procures daily

from more than 2 Lakh farmers located in five states of the country and hence supports them by ensuring a source of livelihood for them. The company also provides ancillary services such as supplying farmers with cattle feed at subsidised rates, free health checkups and vaccinations for their cattle and educating them about the ways of improving the productivity and yield of their cows.

The Company is helping farmers procure consistent cattle feed and meet the forage requirements of its cattle. The Company is now expanding its forage production at a large scale at Survarna Bhumi located at BOTA where the Company will be focusing on cultivating different varieties of green maize and sorghum (jowar). This fresh crop is harvested and processed on site which is then packed in bails to preserve the nutrients with very long shelf-life. These bails are then sold to the needy farmers, who can use fresh green feed round the year.

The Company is also creating awareness of the importance of quality forage through various workshops and seminars and is conducting various outreach programs for our community to educate them on best practices in dairy farming. In these ways, the Company is backward integrating and is taking step towards strengthening the livelihood of the Company's extended family - its farmers.

The Company, wherever possible, endeavors to support and encourage employment among communities surrounding its place of work and has generated large-scale employment in the villages it operates in. The Company also procures goods and services from vendors in the areas surrounding its manufacturing facilities including transportation and labour/staff. The Company also obtains services from local and small service providers for maintenance and repairs of building, plant and machineries.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Bhagyalaxmi Dairy Farm, a wholly-owned subsidiary of the Company, is a "Zero wastage farm" which furthers the Company's sustainability agenda by reducing, reusing, and recycling the waste that the farm generates. At the farm, a bio-gas plant as well as solar panels have been installed that generate captive electricity for the farm's own energy consumption using cow waste such as manure and urine. Moreover, the by-products of the bio-gas plant are converted into a range of organic fertilisers which are provided to farmers. All these fertilisers work on the soil of the farmer's crops, which when fed to their cattle, provides them with the required nutrition which results in high yield of their cattle.

The waste water from the plant has solid waste containing FOG (Fats, Oils and Grease) which is passed through Dissolved Air Flootation (DAF) to reduce TSS and is then passed through a Centrifuge (Decanter) which separates the solid and water. The solid part is then dried on sludge drying beds and is used as bio compost (organic manure)



after mixing with other fertilisers. The solid waste is less than 2%.

At the ETP plant more than 60% of the waste water is recycled through the following steps - Primary treatment by DAF followed by anaerobic treatment, aerobic treatment, MBR followed by MGF, ACF and RO. This permeate water is used inside the plant for cooling towers, floor cleaning, gardening and toilets.

All sealing water, condensate from the evaporator is reutilised for cooling towers, CIP stations, hygiene stations and boiler and 12% of fresh water, 90% of steam condensate and 90 % of the Milk condensate is recovered.

Principle 3: (Businesses should promote the well-being of all employees)

The Company firmly believes that the knowledge, expertise and passion of its employees drive the growth of the Company. It provides the work environment that promotes well-being of its employees while giving them various opportunities to grow. It has adopted various policies, procedures, manuals and conducted various training programs, workshops for the growth, protection and welfare of the employees.

1. Please indicate the Total number of employees.

The Company has 1,718 permanent employees (excluding subsidiary's) as on March 31, 2020.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.

The Company has a total of more than 1,038 employees hired on temporary/contractual/casual basis as on March 31, 2020.

3. Please indicate the Number of permanent women employees.

The Company has 96 permanent women employees as on March 31, 2020.

4. Please indicate the Number of permanent employees with disabilities.

The Company has 1 permanent employee in the above category as on March 31, 2020.

5. Do you have an employee association that is recognised by management?

NO, there are No employee associations, which are recognised by the management.

6. What percentage of your permanent employees is members of this recognised employee association?

Nil

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on

the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

- Permanent Employees-100%
- Permanent Women Employees - 100%
- Casual/Temporary/Contractual Employees -100%
- Employees with Disabilities-100%

Principle 4: (Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised)

1. Has the company mapped its internal and external stakeholders? Yes/NO

Yes.

Investor Engagement

The Company regularly interacts with its shareholders and investors and keeps them updated on the Company's business activities through Quarterly Earning's Calls, one-on-one and group meetings, Investor Days, participation at investor conferences, roadshows, annual report, media releases, Company's website and subject-specific communications. The Annual General Meeting gives the shareholders an opportunity to engage directly with the Board of Directors and the Management. During this meeting, the Board engages with shareholders and answers their queries on varied subjects.

The Company has a designated e-mail address for shareholders. The Investor Relations team regularly engages with the investor community and shareholders to resolve queries, grievances, if any, and provides guidance to them on any Company-related matters.

Statutory bodies

The Company participates and engages with the government, regulators and legislators, both directly and through trade associations, towards legislative framework which may affect the Company's business interests.

Employee Engagement

The Company believes that its employees are its key stakeholder. During the period under review, the Company has engaged with its employees through various programs and activities such as:

- Several employee training programs were conducted to develop skills and overall capability building of employees.
- A 3-day team building and bonding workshop was conducted for all senior team members of the Company.
- Initiated a healthy living and weight loss program for the corporate office employees and had organised a talk by fitness experts Shivom and Vrinda on the Fitness of the Mind and Body.
- Surprise gift hampers, food and snacks were provided to employees on several occasions. Organised a Financial Planning workshop for all corporate employees.
- To promote bonhomie amongst teams, several festivals such as Ganesh Chaturthi, Diwali, Christmas, Holi and national days of importance including Republic and Independence Day were celebrated by distributing sweets and conducting competitions for employees. Engagement with employees during the festival of Navratri through colour coded dressing competitions.

Suppliers

Every day, we work with thousands of suppliers who are helping us achieve success in the market. Our suppliers help us innovate, create value, build capacity and capability, deliver quality and service and drive market transformation. We invest in long-term mutually beneficial relationships with our key suppliers through our 'Partner to Win' programme, so we can share capabilities and co-innovate for shared growth.

Media

The Company engages with media to provide updates about the developments in the Company. Regular interactions with print, television and online media take place through press releases, media events and results announcements. The Company also ensures timely and appropriate responses to media for any information requests within the stipulated disclosure norms.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.

Yes, the Company has identified the underprivileged communities in and around its plants, business locations and project sites. The Company conducts various activities, which upholds its philosophy and values towards underprivileged communities and serving the wider interests of society. This helps in social and economic development of the communities.

The Company identifies communities around its manufacturing facilities, with a focus on improving lives of women and children. The Company is committed towards proactively engaging with all the employees, business associates, customers and communities.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof,

in about 50 words or so.

The Company has undertaken special initiatives for the development of underprivileged communities in and around its plants, business locations and project sites. These initiatives are in the areas of preventive healthcare, education, drinking water, sanitation, employability, skill development, health care skilling, digital literacy, amongst others. As a part of its business operations, the Company supports various initiatives to create a greener and safer world. The Company's initiative about 'Go Green' is given in this Report. Further details of CSR initiatives by the Company are included in a report on CSR activities forming part of this Annual Report.

Principle 5 : (Businesses should respect and promote human rights)

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

The Company firmly believes in upholding and promoting human rights. Human Rights are protected under Code of Business Conduct, Whistle Blower Policy, Anti-Sexual Harassment Policy, Labour and Employee Welfare Policies.

Grievance Redressal Systems are put in place like Internal Complaints Committee which resolves the issues reported in an expeditious manner.

The Company supports and respects the protection of internationally proclaimed human rights, labour standards and takes into account environmental protection measures.

Business should respect and promote human rights

The Company seeks to uphold and promote human rights in its operations, in relationships with business and partners through its human rights policy.

The Company's human rights policy recognises the following priority issues: compliance with applicable labour laws, zero tolerance to child, forced or compulsory labour in operations and supply chains, equal opportunity, provide opportunities for all employees to express concerns and seek redressal, health and safety of employees, and the respect and support of social and cultural norms of local communities.

In order to ensure no child labour in its operations, the Company documents age proofs and PAN cards or identical proof of all candidates hired or contracted. The Company ensures non-discrimination while communicating the job description through recruitment channels to give equal opportunity to all candidates irrespective of their caste, race, religion or gender. The Company has also ensured that stakeholders including consumers and communities impacted by the business have access to a grievance mechanism.

No material complaint related to violation of fundamental human rights of individuals was received during the financial year.



2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The Company has not received any complaint regarding human rights violation.

Principle 6:- Businesses should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Yes, the Company's policy is extended to the entire group including its subsidiary. The Company ensures that the policy is implemented at all levels and the Suppliers/Contractors/NGOs dealing with the Company are also encouraged to maintain ethical standards in all their practices.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company has always been committed to sustainable growth, which includes its responsibility towards its customers as well as towards the environment. It works towards optimising the use of natural resources and reducing the impact on the environment and has certifications ISO-14001:2015 for Environment Management System and ISO 50001:2018 for Energy Management Systems for its plants. The Company ensures the use of technology, is using solar energy at its farm, undertakes measures for protection of the environment through focus on carbon emission, water, air pollution, waste management, use of renewable and clean energy.

The Company understands the importance of sustainability and has taken effective steps to preserve the environment. The Company has a robust and the latest equipped technology for our Effluent Treatment Plant (ETP). The ETP at Manchar has a capacity of 2.6 MLD. To treat this effluent, the Company is using DAF, anaerobic, IC reactor, aerobic and MBR. Effluent output is COD less than 80 ppm, BOD less than 20, TSS less than 5, and FOG nil. After MBR, water goes for further treatment through RO and it is reused for various suitable purpose. During the treatment, 300-meter cube per hour bio gas is generated and the H₂S is scrubbed and fed to the bio gas generator to produce the electricity.

Water, being the most important commodity in today's time, the Company has taken special care to recycle, reuse and optimise the use of this natural resource. Our Effluent treatment plant is Anaerobic with USB, and has the capacity to handle liquid effluent of 1000 m³ with COD upto 5000mg/l and give outlet of less than 150 mg/l COD. The sludge coming out of ETP is converted into manure by using vermicomposting process and distributed to local farmers. The clean water from ETP is distributed by a network of pipelines to the farmers in the surrounding areas. The ETP plant also produces biogas, which is redirected to the staff canteen and is used for cooking.

We have also planted 5,000 trees in the surrounding areas over last year and are developing the land opposite the plant for plantations that will include 22 varieties of plants and trees.

In line with the Company's commitment towards conservation of energy, all its units continue with their efforts to reduce wastage, optimise consumption and also to improve energy efficiency through innovative measures such as :

1. Installation and commission of Thiopaq, a desulphurisation plant at ETP for methane purification with a capacity 400Nm³/Hr.
2. Installation of 850KW Bio-gas engine and the use of ETP gas from the IC reactor.
3. Installation of VFD (55KW) at Powder Plant for optimum power consumption.
4. Installation of Additional Heat Recovery economiser to cool down fuel gas temperature at Dryer.
5. Installed sealing and cooling water recirculation arrangement for filtration plant separators.
6. At the Whey Plant, we have replaced 1 X 2 Fixture T5 of 120 Watt with LED bay Light of 40 Watt (total 30 Fixtures replaced).
7. Installed APFC panel for improvement in power factor of electric consumption from 0.95 to 0.99.
8. Installed Online Oxygen analyzer and controller for improvement boiler efficiency.

3. Does the company identify and assess potential environmental risks?

Yes

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company adheres to all rules, regulations, standards framed by Central Pollution Control Board ("CPCB") and State Pollution Control Board ("SPCB") of respective states where the Company's plants are situated. Compliances of these rules, regulations and standards are being checked by internal auditors.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company strives to adopt process improvement measures and invest in efficient technologies to reduce its impact on the environment.

The details of initiatives taken for conservation of energy are given in Annexure-IV to the Board's Report and the same is disclosed on the website of the Company.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. All the factories file periodic statutory declarations with the pollution control boards on the emissions and waste generated and they are within permissible limits granted by the pollution control board.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

The Company has not received any show cause/ legal notices either from CPCB or SPCB which is pending as on March 31, 2020.

Principle 7: (Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner)

The Company extends its support to various business associations and supports / advocates on Industry related policies, export policies etc, whenever necessary, keeping in view the interest of various stakeholders.

The Company focuses on building excellence in manufacturing food products, while interacting with key stakeholders. The senior leadership team continue to share invaluable experience to provide incisive insights at various conferences involving industry leaders that give inputs to key decision makers framing policies. The Company learns from the best practices of others and collaborate with various trade and industry associations.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- (a) Federation of Indian export organisation (FIEO).
- (b) Confederation of Indian Industries (CII),
- (c) Indian Dairy Association (IDA).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company extends its support to various business associations and supports / advocates on Industry related policies, export policies etc, whenever necessary, keeping in view the interest of various stakeholders.

Principle 8: (Businesses should support inclusive growth and equitable development)

The Company supports the principle of inclusive growth and equitable development through its Corporate Social Responsibility initiatives and also through its core business.

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company executes its CSR initiatives through various programs/ initiatives, the details of which are

given in Annexure-III - CSR Report forming part of the Board's Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?

Given in Annexure III to Directors Report.

3. Have you done any impact assessment of your initiative?

The Company assesses the impact of the CSR Projects and Programs undertaken at its Board and CSR Committee meetings. An update on the CSR project and programs is placed at the Board and CSR Committee meetings for their review and assessment.

4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken.

The Company has spent ₹ 10.78 Million as part of its CSR initiatives for FY 2019-20. Details of the projects are provided in Annexure-III - CSR Report forming part of Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. As a part of CSR, we have provided help and assistance to needy people in the vicinity area of factories. We monitor to the extent possible after execution of the CSR Project. We believe that this community development initiative is successfully adopted by the community since the same is about basic needs.

In this unprecedented situation of Covid-19, the Company has undertaken several initiatives in the community surrounding the Manchar plant:

- Donated several food packets and meals to essential workers like transporters, drivers, etc.
- Initiated community kitchens and provided free food to people around our plants & provided support to vulnerable sections of the society.
- Assisted local hospitals & their staff (COVID warriors) by providing them essential equipment & food.
- Assisted employees in need by providing financial support.
- 5,000+ families are being supported by providing them with grocery packages.
- 3,000+ people are being provided with healthy meals prepared in the company canteen on a daily basis.
- Sanitisation of Manchar and nearby villages.
- Covid-19 Awareness program conducted in surrounding school and colleges.
- At the plant, immunity booster foods were provided to employees.



Besides Covid-19 related initiatives, further community development and CSR initiatives are as below:

- Drinking water was provided after the cyclone “Nisarga” calamity in Ambegaon Taluka that had lost electricity supply.
- Daily provided milk to dumb and deaf school children.
- Free Biscuits distributed to all schools and colleges in Awasari Khurd on the occasion of Republic and Independence Day.
- Food, groceries and essentials were provided to people in the Sangali & Kolhapur areas that were affected by floods.
- Organised a Cancer camp for farmers at SDH Manchar.
- Worked with farmers on skill development to increase their milk yield and income.
- Old animal’s upbringing at Panjrapole.
- The company has been conducting Free MS-CIT course to needy children’s and villager school students (38 Students)
- Tree Plantations were conducted at surrounding villages.

Principle 9: (Businesses should engage with and provide value to their customers and consumers in a responsible manner)

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

The Company’s commitment to provide world-class products to consumers has made it one of the most trusted, valuable and popular brands among Indian consumers. The Company has been providing value to its consumers since years without any compromise and has put in place an effective consumer complaints redressal system. The Company discloses the necessary information on its products to promote consumer awareness, market its products in a responsible manner and exercises due care in the utilisation of natural resources.

A well-established system is in place for dealing with customer feedback and complaints. Customers are provided multiple options to connect with the Company through email, telephone, website, social media, feedback forms, etc. All complaints are appropriately addressed and all efforts are taken to resolve the same

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

All Company products comply with the applicable acts and regulations such as the Food Safety and Standards

Act, Regulations for Labels and Pack Information, Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, and Plastic Waste Management Rules, 2016.

The Company displays additional information on the product label, over and above the mandated information e.g. product claims, storage directions etc. which varies from product to product. This additional information is provided to keep the consumers aware.

The Company is committed to building trust by disclosing information truthfully and factually including cautionary statements and through transparent communication.

The Company ensures that its products are safe and provides clear information on the safe and responsible usage of their products. The Company upholds the consumer’s right to information about the products by maintaining transparency of ingredients, nutritional values and the health properties of its products.

The Company always endeavours that its advertising and communications do not mislead or confuse the consumers or violate any of the principles regulating such matters. The Company adheres to the principles and codes in the area of advertising and marketing developed by Advertising Standards Council of India (ASCI).

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

The Company does not have any stakeholder complaints with regard to unethical or unfair trade practices, irresponsible advertising and/or anti-competitive behavior, which are pending as on March 31, 2020.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

Yes, Consumer Satisfaction Surveys are being conducted periodically to assess the consumer satisfaction levels and consumer’s trends.

The Company continuously carries out consumer surveys to understand consumer feedback, product satisfaction and preference while measuring consumer response and satisfaction regularly through the Company’s continuous and periodic tracking studies through a random sampling approach among target consumers.

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, 2020, 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 "Standalone 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") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2020, 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 on the Standalone Ind AS Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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 these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No. Key audit matter	How our audit addressed the key audit matter
<p>1. Valuation of Trade Receivables (Refer to Note 3(c)(i) 'Accounting policy on Impairment of financial assets', note 11 'Trade receivables' and 36A 'Financial Risk Management-Credit Risk' to the Standalone Ind AS Financial Statements)</p> <p>As at March 31, 2020, the trade receivables balance excluding provisions included in note 11 were ₹ 4,140.80 Million.</p> <p>We have identified valuation of trade receivables as a key audit matter on account of the significant management judgment 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 but were not limited to the following :</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"> 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. 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 receivables. <p>(d) Tests of details:</p> <ul style="list-style-type: none"> We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements; 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 receivable for realization of money; We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables; We have verified the appropriateness of judgments regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Company's provisioning policies. 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.



EMPHASIS OF MATTER

We draw attention to Note 50 to the accompanying Standalone Ind AS Financials Statements which explains the uncertainties and the Management's evaluation of the financial impact on the Company due to lockdown and other restrictions imposed on account of COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period.

Our opinion is not modified in respect of this matter.

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, Consolidated 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 Standalone 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 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 prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of

the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, the 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 judgment 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 standalone Ind AS 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 the Management.

- Conclude on the appropriateness of the 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.

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 year 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:
- 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;
 - 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;
 - The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), 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;
 - In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act;
 - 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, refer to our separate report in "Annexure 2";
 - With respect to the other matter 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;
 - 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 to the Standalone IND AS Financial Statements;
- (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise; and

- (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

UDIN: 20048539AAAABJ4819

Place: Mumbai

Date: June 29, 2020

Annexure 1 to the Independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section 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, 2020]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Standalone Ind AS Financial Statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except for certain fixed assets where quantitative details are not available since inception.
- (b) During the year, the fixed assets of the Company have been physically verified by the management, except for certain assets where quantitative details are not available as discussed above, and 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, except goods-in-transit and stocks lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. For stocks lying with third parties at the yearend, these have substantially been confirmed by them. No material discrepancies were noticed on physical verification carried out during the year.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register
- (b) The dues outstanding with respect to, income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty on account of any dispute, are as follows:

maintained under section 189 of the Act. Accordingly, clause 3(iii) of the Order is not applicable to the Company.

- (iv) The Company has complied with the provisions of sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion, 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. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act and rules thereunder. We have broadly reviewed such records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax (GST), customs duty, cess and any other material statutory dues applicable to it, except that there have been slight delay in few cases. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, customs 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.

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
The Central Goods and Service Tax Act	Goods and Service Tax	7.85	FY 2019-20	Commissioner of GST and Central Excise
Central Sales Tax Act, 1956	Central Sales Tax	1.12	June 2017	Commissioner of Sales Tax
Income Tax Act, 1961	Income Tax	1.89	AY 2013-14	Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal appeal to be filed
Income Tax Act, 1961	Wealth Tax	0.08	AY 2014-15	Response to be filed
Income Tax Act, 1961	Income Tax	0.27	AY 2015-16	Rectification of mistake to be filed
Income Tax Act, 1961	Income Tax	5.98	AY 2016-17	Appeal to be filed
Income Tax Act, 1961	Income Tax	1.17	AY 2018-19	Appeal has been filed, scrutiny has been in process



Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2.45	AY 2019-20	Letter of Intimation has been received
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	37.90	FY 2009-10	Joint Commissioner of Sales Tax (App)-1
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	0.55	FY 2010-11	Joint Commissioner of Sales Tax (App)-1
Central Sales Tax Act, 1956	Duty and Penalty	20.25	FY 2009-10	Joint Commissioner of Sales Tax (App)-1

- (viii) During the year, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has not taken any borrowings from Government or has issued any debentures.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). The term loans taken during the year were applied for the purposes for which the loans were obtained.
- (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) 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, the Company is not a Nidhi Company. Therefore, clause 3(xii) of the Order is not applicable to the Company.
- (xiii) 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 Standalone Ind AS Financial Statements 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. Therefore, clause 3(xiv) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence provisions of section 192 of the Act are not applicable.
- (xvi) 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

UDIN: 20048539AAAABJ4819

Place: Mumbai

Date: June 29, 2020

Annexure 2 to the Independent Auditor's Report

[Referred to in paragraph 2(i) under 'Report on Other Legal and Regulatory Requirements' section in our 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, 2020]

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, 2020 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, 2020, 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
UDIN: 20048539AAAABJ4819

Place: Mumbai
Date: June 29, 2020

Standalone Balance Sheet

as at March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	Notes	March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,822.56	3,757.26
Capital work-in-progress		66.82	231.11
Other intangible assets	5	26.30	34.17
Right of Use Assets	4A	134.81	-
Investment in Subsidiary	6	622.64	622.64
Financial assets			
Investments	7	5.52	5.30
Other financial assets	8	120.96	129.87
Deferred tax assets (Net)	34	122.68	176.69
Other non-current assets	9	75.14	173.11
Total		4,997.43	5,130.15
Current assets			
Inventories	10	6,268.27	4,477.45
Financial assets			
Trade receivables	11	2,994.85	2,716.74
Cash and cash equivalents	12	213.15	67.69
Other bank balances	13	54.55	46.83
Other current assets	14	2,065.05	1,710.96
Total		11,595.87	9,019.67
Total assets		16,593.30	14,149.82
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	839.39	839.39
Other equity	16	8,221.53	7,411.63
		9,060.92	8,251.02
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	17	481.48	646.21
Provisions	18	43.36	43.08
Other non-current liabilities	19	109.75	-
Total		634.59	689.29
Current liabilities			
Financial liabilities			
Borrowings	20	3,167.10	1,443.82
Trade payables	21		
Payable to Micro and Small Enterprises		25.03	23.63
Payable to others		2,789.26	2,838.76
Other financial liabilities	22	795.42	692.52
Other current liabilities	23	39.93	65.98
Provisions	18	4.21	9.82
Current Tax Liabilities (Net)	24	76.84	134.98
Total		6,897.79	5,209.51
Total liabilities		7,532.38	5,898.80
Total equity and liabilities		16,593.30	14,149.82
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

Pritam Shah
Managing Director
DIN: 01127247

Shashikant Dalmia
Chief Financial Officer

Rachana Sanganeria
Company Secretary & Compliance Officer

Place: Mumbai
Date: June 29, 2020

Place: Manchar
Date: June 29, 2020



Standalone Statement of Profit and Loss

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Revenue from operations	25	23,912.77	23,461.31
Other income	26	29.19	40.49
Total		23,941.96	23,501.80
Expenses			
Cost of materials consumed	27	17,534.45	14,940.41
Purchases of stock-in-trade	28	2,220.30	1,482.79
Changes in inventories of work-in-progress and finished goods	29	(1824.27)	(58.25)
Employee benefit expense	30	930.53	925.53
Finance costs	31	380.41	356.68
Depreciation and amortisation expense	32	513.75	481.37
Other expenses	33	2,934.67	3,995.82
Total		22,689.84	22,124.35
Profit before exceptional items and tax		1,252.12	1,377.45
Exceptional items		-	-
Profit/(Loss) before tax		1,252.12	1,377.45
Tax expense	34		
Current tax		293.13	341.11
Deferred tax		52.61	(104.19)
Profit/(Loss) after tax		906.38	1,140.53
Other comprehensive income	34		
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		5.54	1.55
Income Tax effect		(1.93)	(0.54)
Other comprehensive income for the year, net of tax		3.61	1.01
Total comprehensive income for the year		909.99	1,141.54
Earnings per equity share of face value of ₹ 10/- each:	46		
Basic earnings per share (in ₹)		10.80	13.59
Diluted earnings per share (in ₹)		10.78	13.56
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: June 29, 2020

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Shashikant Dalmia
Chief Financial Officer

Place: Manchar
Date: June 29, 2020

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sangneria
Company Secretary & Compliance Officer

Standalone Statement of Cash Flows

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Net Profit before taxation	1,252.12	1,377.45
Add :		
Depreciation/amortisation	513.75	481.37
Bad debts	-	187.26
Provision for doubtful advance	2.10	26.90
Provision for doubtful debts	93.00	247.99
Unrealised forex (gain)/loss	6.46	4.27
Fair valuation loss - investment	(0.21)	0.75
ESOP expense	3.38	4.89
Finance cost	380.41	356.68
Customer advances written back	(5.58)	-
Advances written-off	-	66.52
Profit on sale of Property, Plant and Equipment (net)	-	(0.25)
Interest income	(25.08)	(20.35)
Operating profit before working capital changes	2,220.35	2,733.48
Adjustments for :		
(Increase) / decrease in inventories	(1,790.82)	(177.50)
(Increase) / decrease in trade receivables	(371.81)	(690.49)
(Increase) / decrease in non-current and current financial assets	(1.19)	(24.77)
(Increase) / decrease other non-current and current assets	(358.02)	(152.21)
Increase / (decrease) in non-current and current financial liabilities	(2.10)	105.34
Increase / (decrease) in other non-current and current liabilities	(21.01)	(91.63)
Increase / (decrease) in trade payables	(51.65)	(51.11)
Increase / (decrease) in provisions	0.20	6.75
Cash generated from operations	(376.05)	1,657.86
Direct taxes paid (net of refunds)	(351.25)	(274.02)
Net cash flow from operating activities	(727.30)	1,383.84
B. Cash Flow from Investing Activities		
Purchase of Property, plant and equipment	(250.58)	(799.10)
Purchase of intangible assets	(11.50)	(5.68)
Sale of Property, plant and equipment	-	0.64
Maturity/ (Investment) in fixed deposits	2.10	129.40
Investment in mutual funds	(0.01)	(1.00)
Interest received	17.79	20.40
Net cash used in investing activities	(242.20)	(655.34)



Standalone Statement of Cash Flows

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash Flow from Financing Activities		
Proceeds from long term borrowings	73.65	236.64
Proceeds from issue of shares (net of issue expenses)	-	12.75
Proceeds / (repayment) short term borrowings (net)	1,723.28	(557.66)
Repayment of long term borrowings	(197.35)	(247.55)
Payment of dividend including dividend distribution tax	(101.40)	(76.06)
Interest paid	(383.22)	(328.76)
Net cash flow from/ (used in) financing activities	1,114.96	(960.64)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	145.46	(232.14)
Cash and cash equivalents at the beginning of the year [Refer Note 12]	67.69	299.83
Balances with banks in current accounts	73.44	31.90
Fixed deposits with original maturity of less than three months	125.26	23.10
Cash on hand	14.45	12.69
Cash and cash equivalents at the end of the year [Refer Note 12]	213.15	67.69

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 ₹ 30.04 Million (March 31, 2019: ₹ 29.91 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 "Unrealized forex exchange (gain) / loss".

Particulars	Opening Balance	Cash movement	Foreign exchange changes	Fair value changes	Others	Closing Balance
Long term borrowing (Gross)	905.25	(153.74)	30.04	2.21	-	783.76
Short term borrowing (net)	1,443.82	1,723.28	-	-	-	3,167.10
Total	2,349.07	1,569.54	30.04	2.21	-	3,950.86

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

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

Shashikant Dalmia
Chief Financial Officer

Rachana Sanganeria
Company Secretary & Compliance Officer

Place: Mumbai
Date: June 29, 2020

Place: Manchar
Date: June 29, 2020

Standalone Statement of Changes in Equity

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

EQUITY SHARE CAPITAL (REFER NOTE 15)

Particulars	31 March 2020	March 31, 2019
	Amount	Amount
Balance at the beginning of the reporting period	839.39	838.88
Change during the year (refer note 49)	-	0.51
Balance at the end of the reporting period	839.39	839.39

OTHER EQUITY (REFER NOTE 16)

Particulars	Reserves and Surplus				Other Comprehensive Income (Remeasurement in defined benefit plans)	Total
	Securities Premium Reserve	General Reserve	Employee Stock Options Outstanding	Retained Earnings		
Balance as at April 1, 2018	4,435.61	51.56	7.70	1,844.26	(10.11)	6,329.02
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)
Balance as at March 31, 2019	4,447.85	59.26	4.89	2,908.73	(9.10)	7,411.63
Profit after tax for the year	-	-	-	906.38	-	906.38
Other comprehensive income for the year (net of tax)	-	-	-	-	3.61	3.61
Deferred Employee Compensation Expense	-	-	3.38	-	-	3.38
IND AS 116 impact	-	-	-	(2.07)	-	(2.07)
Transfer of Employee Stock Options outstanding to General Reserve	-	-	-	-	-	-
Securities premium credited for equity shares issued by ESOP trust	-	-	-	-	-	-
Dividend paid	-	-	-	(84.11)	-	(84.11)
Tax on dividend	-	-	-	(17.29)	-	(17.29)
Balance as at March 31, 2020	4,447.85	59.26	8.27	3,711.64	(5.49)	8,221.53

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

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

Shashikant Dalmia
Chief Financial Officer

Rachana Sangarneria
Company Secretary & Compliance Officer

Place: Mumbai
Date: June 29, 2020

Place: Manchar
Date: June 29, 2020



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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", "Topp up" and "Avvatar". The registered office of the Company is situated at Flat No. 1, Plot No. 19, Nav Rajasthan Society, S. B. Road, Shivaji Nagar, Pune- 411016.

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 31 March 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 Jun 29th, 2020.

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 Million, 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 31 March 2020 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).

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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.

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 or 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 upto the month preceding 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 in profit or loss 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



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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.

d) Leases

The Company has implemented the Ind AS 116 "Leases" as notified by the Ministry of Corporate Affairs on 30th March 2019 through the Companies (Indian Accounting Standards) Amendment Rules, 2019.

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on April 1, 2019 using the modified retrospective method of transition. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The Company's lease asset classes primarily consist of leases of land, building and equipment.

At the date of commencement of lease, the Company recognise a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a

lessee, except for leases with a term of twelve month or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as operating expense on straight-line basis over the term of lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Right of use of assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset. Right of use of assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Lease liability is initially measured at amortized cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re measured with corresponding adjustment to the related right to use of asset if company changes its assessment if whether it will exercise an extension or termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients elected on initial application.

1. Applied a single discount rate to portfolio of leases of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognize right to use of asset and liabilities for leases with less than 12 months of lease term of the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17
4. Excluding initial direct costs for the measurement of right to use of asset at the date of initial application.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

e) Inventories

Inventories are valued at the lower of cost (including prime cost, GST 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.

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.



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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.

Processing charges is recognised as per the terms of the contract when the related services are rendered.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income is recognised using the effective interest method.

h) Foreign currencies

Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the company are recorded in the functional currency (₹), 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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 & 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 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 realize 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 recognizes 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



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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. Re measurement 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 in 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 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, 2020

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

(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
Year ended March 31, 2019									
Gross carrying amount									
Opening gross carrying amount (Refer Note 1 below)	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)
Closing gross carrying amount as at March 31, 2019	156.42	40.51	734.39	4,113.01	39.05	27.73	18.17	38.52	5,167.80
Accumulated depreciation									
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)
Closing accumulated depreciation up to March 31, 2019	-	31.64	88.32	1,244.12	8.17	10.53	7.22	20.54	1,410.54
Net carrying amount as at March 31, 2019	156.42	8.87	646.07	2,868.89	30.88	17.20	10.95	17.98	3,757.26
Year ended March 31, 2020									
Gross carrying amount									
Opening gross carrying amount	156.42	40.51	734.39	4,113.01	39.05	27.73	18.17	38.52	5,167.80
Additions during the year (Refer Note 1 below)	3.73	1.10	6.13	491.62	1.10	27.82	6.47	3.00	540.97
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2020	160.15	41.61	740.52	4,604.63	40.15	55.55	24.64	41.52	5,708.77
Accumulated depreciation									
Opening accumulated depreciation	-	31.64	88.32	1,244.12	8.17	10.53	7.22	20.54	1,410.54
Depreciation charge during the year	-	5.91	31.46	413.66	4.03	5.19	3.87	11.55	475.67
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2020	-	37.55	119.78	1,657.78	12.20	15.72	11.09	32.09	1,886.21
Net carrying amount as at March 31, 2020	160.15	4.06	620.74	2,946.85	27.95	39.83	13.55	9.43	3,822.56

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 ₹ 30.04 Million for the year ended March 31, 2020 (March 31, 2019: loss of ₹ 41.60 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, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 4A: LEASES

(i) Amounts to be recognised in balance sheet as on March 31, 2020

The balance sheet shows the following amounts relating to leases :

Right to use assets	March 31, 2020
Plant & Machinery	153.52
Total	153.52

(Additions to the right-of-use assets during the financial year 2019-20 were ₹ 138.16 Million)

Lease liabilities	March 31, 2020
Current	27.75
Non - Current	109.75
Total	137.50

(ii) Amounts to be recognised in Statement of Profit and Loss for the year ended March 31, 2020

The Statement of Profit and Loss shows the following amounts relating to leases:

Depreciation	March 31, 2020
Plant & Machinery	18.71
Total	18.71

(iii) Interest expenses on lease liabilities (included in finance cost) ₹ 5.03 Million

(iv) Total cash outflow for leases during financial year was :

Particulars	March 31, 2020
Operating cash flows (Interest Expenses)	5.03
Total	5.03

Impact of change in the accounting policy

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method of transition, accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The effect of this adoption is insignificant on the profit for the period, earnings per share, total assets, total liabilities and adjustment to retained earnings.

On adoption of IND AS 116, the Group recognised lease liabilities under the principles of IND AS 17 "Leases". The Right-of-use assets is measured at an amount equal to the lease liability. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019.

(i) Summary of practical expedients applied on initial application of Ind AS 116 Leases -

In applying IND AS 116 for the first time, the company has used the following practical expedients permitted by the standard:

1. Relying on assessments performed immediately before initial application on whether leases are onerous as per Ind AS 37 Provisions, Contingent liabilities and Contingent Assets, as an alternative to performing an impairment review as per Ind AS 36 - Impairments of assets as on the date of initial application - there were no onerous contracts as at 1 April 2019
2. Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases, and

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

3. Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, the company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IndAS 17 in determining whether an arrangement contains a Lease.

(ii) Measurement of lease liabilities

Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	-
Operating lease commitments as on March 31, 2019 discounted using the lessee's incremental borrowing rate of at the date of initial application	-
Add: finance lease liabilities recognised as at 31 March 2019	156.70
(Less): short-term leases not recognised as a liability	-
Add/(less): adjustments for non-cancellable lease	-
Lease liability recognised as at 1 April 2019	156.70
Of which are:	
Current lease liabilities	20.82
Non-current lease liabilities	135.88

NOTE 5: OTHER INTANGIBLE ASSETS

Particulars	Computer software	Brands / Trade Marks	Total
Year ended March 31, 2019			
Gross carrying amount			
Opening gross carrying amount	58.06	0.18	58.24
Additions during the year	0.98	4.70	5.68
Closing gross carrying amount as at March 31, 2019	59.04	4.88	63.92
Accumulated amortisation			
Opening accumulated amortisation	11.20	0.14	11.34
Amortisation charge for the year	18.10	0.31	18.41
Closing accumulated amortisation up to March 31, 2019	29.30	0.45	29.75
Closing net carrying amount as at March 31, 2019	29.74	4.43	34.17
Year ended March 31, 2020			
Gross carrying amount			
Opening gross carrying amount	59.04	4.88	63.92
Additions during the year	2.90	8.60	11.50
Closing gross carrying amount as at March 31, 2020	61.94	13.48	75.42
Accumulated amortisation			
Opening accumulated amortisation	29.30	0.45	29.75
Amortisation charge for the year	18.40	0.97	19.37
Closing accumulated depreciation up to March 31, 2020	47.70	1.42	49.12
Net carrying amount as at March 31, 2020	14.24	12.06	26.30

There are no contractual commitments for the acquisition of intangible assets.



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 6: INVESTMENT IN SUBSIDIARIES

Particulars	Face value	% of holding	March 31, 2020		March 31, 2019	
			Quantity (Nos)	Value	Quantity (Nos)	Value
Unquoted						
Investment in equity instruments (fully paid-up)						
Investment in wholly owned subsidiary carried (at cost, trade)						
Bhagalaxmi Dairy Farm Private Limited	₹ 10	100%	57,85,354	622.64	57,85,354	622.64
Total				622.64		622.64
Aggregate amount of quoted investments and market value thereof						
Aggregate amount of unquoted investments						
Aggregate amount of impairment in the value of investments						

NOTE 7: INVESTMENTS

Particulars	Face value	% of holding	March 31, 2020		March 31, 2019	
			Quantity (Nos)	Value	Quantity (Nos)	Value
Unquoted						
Investment in equity instruments (fully paid-up)						
Investment in other entities (fair value through Profit and Loss)						
OPGS Power Gujarat Private Limited			2,18,000	-	2,18,000	-
Rupee Co-Operative Bank Ltd.			3,800	-	3,800	-
Other Investments						
Investment in other entities (fair value through Profit and Loss)						
Sharad Sahakari Bank Ltd.			318	0.02	318	0.02
Quoted						
Investment in mutual fund (fair value through Profit and Loss)						
PFG-Union Balanced Advantage Fund Regular Plan - Growth			4,99,990	4.77	4,99,990	4.28
FSGP-IDBI Banking & Financial Services Fund - Regular Plan-Growth			1,00,000	0.73	1,00,000	1.00
Total				5.52		5.30
Total non-current investments						
Aggregate amount of quoted investments and market value thereof						
Aggregate amount of unquoted investments						
Aggregate amount of impairment in the value of investments						

NOTE 8: OTHER FINANCIAL ASSETS - NON-CURRENT

Particulars	March 31, 2020	March 31, 2019
Unsecured, considered good		
Fixed deposits having original maturity of more than one year	2.49	12.30
Interest Receivable	0.00	0.29
Deposits	118.47	117.28
Total	120.96	129.87

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 9: OTHER NON-CURRENT ASSETS

Particulars	March 31, 2020	March 31, 2019
Unsecured, considered good		
Capital advances	65.74	173.11
Prepaid expenses	9.40	-
Total	75.14	173.11

NOTE 10: INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	March 31, 2020	March 31, 2019
Raw materials	94.46	120.14
Work-in-progress	3,840.44	2,828.14
Finished goods	2,094.19	1,282.22
Packing material	125.62	127.19
Stores and spares	113.56	119.76
Total	6,268.27	4,477.45

For Inventories pledged as securities against borrowings, see note 17 and 20.

The above includes goods in transit as below:

Particulars	March 31, 2020	March 31, 2019
Stock in transit - finished goods	8.17	8.68

The cost of inventories recognised as an expense includes ₹ 12.60 Million (March 31, 2019: ₹ 0.65 Million) in respect of write down of inventories to net realizable value. Further, a sum of ₹ 0.65 Million (March 31, 2019: ₹ 13.91 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

Particulars	March 31, 2020	March 31, 2019
Unsecured, Considered good	2,964.78	2,669.15
Due from Subsidiary (Refer note 43)	30.07	47.60
Unsecured, Considered doubtful	1,145.95	1,052.95
Less: Allowance for doubtful debts	(1,145.95)	(1,052.95)
Total	2,994.85	2,716.74

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.

Trade receivables are receivable in normal operating cycle and are shown net of an allowance for bad or doubtful debts.

Trade receivables stated above are charged on a first pari-passu basis between working capital consortium members led by Union Bank of India, State Bank of India and IDBI Bank Ltd.



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 12: CASH AND CASH EQUIVALENTS

Particulars	March 31, 2020	March 31, 2019
Balances with banks		
in current accounts	73.44	31.90
Fixed deposits with original maturity of less than three months	125.26	23.10
Cash on hand	14.45	12.69
Total	213.15	67.69

NOTE 13: OTHER BANK BALANCES

Particulars	March 31, 2020	March 31, 2019
Fixed deposits (having original maturity of more than three months but less than twelve months)	54.55	46.83
Total	54.55	46.83

NOTE 14: OTHER CURRENT ASSETS

Particulars	March 31, 2020	March 31, 2019
Advances other than capital advances		
Unsecured, considered good:		
Prepaid Expenses	15.56	8.48
Advances & other recoverables	1,196.71	727.89
Advance to subsidiary (Refer note 43)	-	47.60
Recoverable from statutory and government authorities		
Unsecured, considered good:		
Electricity duty receivable	22.20	22.20
PSI incentive & export subsidy receivable	607.04	525.79
Milk incentive receivable	216.51	374.63
GST, VAT & Sales tax receivable	(9.15)	4.37
Interest Receivable	16.18	-
Unsecured, considered doubtful		
Advances & other recoverables	20.98	18.88
Recoverable from statutory and government authorities	25.24	25.24
Less: Provision for doubtful advances	(46.22)	(44.12)
Grand Total	2,065.05	1,710.96

Equity share capital and other equity

NOTE 15: EQUITY SHARE CAPITAL

Authorised equity share capital

Particulars	Number of shares (Nos.)	Face Value	Amount
As at April 1, 2018	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
As at March 31, 2019	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
As at March 31, 2020	10,00,00,000	10.00	1,000.00

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Issued, subscribed and fully paid up share capital

Particulars	Number of shares (Nos.)	Face Value (₹)	Amount
As at April 1, 2019			
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
As at March 31, 2019	8,39,38,567	10.00	839.39
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 1,76,015 share allotted to the Trust)	1,76,015	10.00	1.76
Net Issued, subscribed and fully paid up share capital	8,39,38,567	10.00	839.39
Add: Issued during the year by ESOP Trust to employees (refer note 49)	-	10.00	-
As at March 31, 2020	8,39,38,567	10.00	839.39

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 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, 2020		March 31, 2019	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Mr. Devendra Prakash Shah	1,52,06,400	18.12%	1,50,06,400	17.88%
Mr. Pritam Prakash Shah	91,59,888	10.91%	91,59,888	10.91%
Mrs. Netra Pritam Shah	88,67,027	10.56%	88,67,027	10.56%
STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY P	61,28,938	7.30%	11,29,282	1.35%
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	50,42,534	6.01%	50,42,534	6.01%

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, 2019 176,015 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, 2020	March 31, 2019	March 31, 2018	March 31, 2017	31 March 2016
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 capitalization of securities premium and surplus balance.	-	-	-	-	4,21,35,038



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 16: OTHER EQUITY

Particulars	March 31, 2020	March 31, 2019
Securities Premium Reserve	4,447.85	4,447.85
General Reserve	59.26	59.26
Retained Earnings	3,711.64	2,908.73
Employee Stock Options Outstanding	8.27	4.89
Other Comprehensive Income	(5.49)	(9.10)
Total	8,221.53	7,411.63

Movement in Reserves

Particulars	March 31, 2020	March 31, 2019
Securities Premium Reserve		
Opening Balance (net off Premium on 2,27,000 shares allotted to the ESOP Trust)	4,447.85	4,435.61
Add: Securities premium credited on share issued by Trust to employees	-	12.24
Closing Balance	4,447.85	4,447.85
General Reserves		
Opening Balance	59.26	51.56
Add: Transfer from Employee Stock Options Outstanding	-	7.70
Closing Balance	59.26	59.26
Employee Stock Options Outstanding		
Opening Balance	4.89	7.70
Add: Deferred Employee Compensation Expense	3.38	4.89
Less: Transfer to General reserve	-	(7.70)
Closing Balance	8.27	4.89
Retained earnings		
Opening Balance	2,908.73	1,844.26
Add: Profit/(loss) after tax for the year	906.38	1,140.53
Add: IND AS 116 Impact	(2.07)	-
Less: Dividends	(84.11)	(63.09)
Less: Dividend distribution tax	(17.29)	(12.97)
Closing Balance	3,711.64	2,908.73
Other Comprehensive Income		
Opening Balance	(9.10)	(10.11)
Add: Change during the year (net of tax)	3.61	1.01
Closing Balance	(5.49)	(9.10)
Closing balance	8,221.53	7,411.63

- 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
- 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Distribution made and proposed to be made

Particulars	March 31, 2020	March 31, 2019
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2019: ₹ 1 per share (March 31, 2018 : ₹ 0.75 per share)	84.11	42.06
DDT on final dividend	17.29	8.56
Proposed dividend on equity shares :		
Final equity dividend		
For the year ended on March 31, 2020: ₹ 0.50 per share (March 31, 2019 : ₹ 1 per share)	42.06	84.11
DDT on proposed dividend	-	17.29

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability for the year ended March 31 2020.

NOTE 17: BORROWINGS - NON-CURRENT

Particulars	March 31, 2020	March 31, 2019
Secured		
Term loans		
From banks		
Rupee Currency Loan	395.64	403.79
Foreign currency loan	361.40	498.31
Vehicle Loan	25.83	2.68
From Other Parties		
Vehicle Loan	0.89	0.47
	783.76	905.25
Less: Current maturity	(302.28)	(259.04)
Total	481.48	646.21

Indian rupee loans from a bank of ₹ 395.64 Million (March 31, 2019 : ₹ 403.79 Million) carry interest @ 9.30%-11.00%. The loans are repayable over 13-59 monthly instalments starting from July 2018, March 2019, 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 ₹ 361.40 Million (March 31, 2019 : ₹ 498.31 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 ₹ 25.83 Million (March 31, 2019 : ₹ 2.68 Million) carries interest @ 9.35% to 10.00 % 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 ₹ 0.89 Million (March 31, 2019 : ₹ 0.47 Million) represents loan secured by hypothecation of equipments and vehicles. The loans are repayable over 36 - 60 instalments and carry interest in the range of 9.20% - 12.98%.

Average interest rate for the non-current borrowings is 8.12%.



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 18: PROVISIONS

Particulars	March 31, 2020	March 31, 2019
Non-current:		
Provision for compensated absences (Refer note No. 39)	2.74	6.22
Provision for gratuity (net) (Refer note No. 39)	40.62	36.86
Total	43.36	43.08
Current:		
Provision for compensated absences (Refer note No. 39)	4.21	9.82
Total	4.21	9.82

NOTE 19: OTHER NON-CURRENT LIABILITIES

Particulars	March 31, 2020	March 31, 2019
Non-current:		
Lease liability (Refer note no. 4A)	109.75	-
Total	109.75	-

NOTE 20: BORROWINGS - CURRENT

Particulars	March 31, 2020	March 31, 2019
Secured		
Loans repayable on demand		
From banks- Cash Credit	3,167.10	1,443.82
Total	3,167.10	1,443.82

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 @ 9.50% p.a. to 11.00% p.a.

NOTE 21: TRADE PAYABLES - CURRENT (ALSO REFER NOTE 36B, 36C)

Particulars	March 31, 2020	March 31, 2019
Due to micro and small enterprises (refer note 45)	25.03	23.63
Others	2,789.26	2,838.76
Total	2,814.29	2,862.39

NOTE 22: OTHER CURRENT FINANCIAL LIABILITIES

Particulars	March 31, 2020	March 31, 2019
Current maturities of long-term debt (refer note 17)	302.28	259.04
Interest accrued on borrowings	14.11	16.93
Deposits	211.83	228.68
Employee related Liabilities	84.30	97.13
Trade payable for Capital Goods other than payable to Micro and Small Enterprises	152.27	87.70
Directors remuneration payable (refer note 43)	2.77	2.93
Book overdrawn balance	0.11	0.11
Lease liability (refer note 4A)	27.75	-
Total	795.42	692.52

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 23: OTHER CURRENT LIABILITIES

Particulars	March 31, 2020	March 31, 2019
Statutory dues payables	38.69	58.08
Advances from customers	1.24	7.90
Total	39.93	65.98

NOTE 24: CURRENT TAX LIABILITIES (NET)

Particulars	March 31, 2020	March 31, 2019
Current Tax Liability Net of advance and TDS ₹ 104.87 Million (March 31, 2019: ₹ 138.73 Million)	76.84	134.98
Total	76.84	134.98

NOTE 25 : REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	23,547.46	21,865.61
Other operating revenue	365.31	1,595.70
Total	23,912.77	23,461.31

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Note:		
Sale of products comprises :		
Sale of manufactured goods	21,750.31	20,213.05
Sale of traded goods	1,797.15	1,652.56
Total	23,547.46	21,865.61
Other operating revenues comprise:		
Processing charges	71.60	339.97
Export benefits and incentives	9.61	182.09
PSI incentive	212.97	209.86
Milk incentive	63.22	856.10
Scrap sale	7.91	7.68
Total	365.31	1,595.70

NOTE 26: OTHER INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income		
Bank Deposits	13.73	19.98
Others	9.52	-
Interest Income on Security Deposit	1.82	0.37
Exchange Fluctuation (Net)	(5.15)	8.47
Customer advances written back	5.58	-
Profit on sale of Property, Plant and Equipments (net)	-	0.25
Fair valuation gain - investment	0.21	-
Miscellaneous Income	3.48	11.42
Total	29.19	40.49



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 27 : COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw material consumed		
Inventory at the beginning of the year	120.14	21.24
Add: Purchases	16,312.47	13,472.17
	16,432.61	13,493.41
Less: Inventory at the end of the year	(94.46)	(120.14)
	16,338.15	13,373.27
Packing material, stores spares & consumables consumed		
Inventory at the beginning of the year	246.95	226.60
Add: Purchases	1,188.51	1,587.49
	1,435.46	1,814.09
Less: Inventory at the end of the year	(239.18)	(246.95)
	1,196.28	1,567.14
Total	17,534.43	14,940.41

NOTE 28 : PURCHASE OF STOCK IN TRADE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Milk products	2,220.30	1,482.79
Total	2,220.30	1,482.79

NOTE 29: CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year		
Finished goods- Milk Products	1,282.22	1,839.77
Work-in progress- Milk Products	2,828.14	2,212.34
	4,110.36	4,052.11
Inventories at the end of the year		
Finished goods-Milk Products	2,094.19	1,282.22
Work-in progress-Milk Products	3,840.44	2,828.14
	5,934.63	4,110.36
Changes in inventories of work-in-progress and finished goods	(1,824.27)	(58.25)

NOTE 30: EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	829.56	823.91
Contributions to provident and other funds (refer note 39)	41.19	41.01
Gratuity (refer note 39)	12.38	10.38
Staff welfare expenses	44.02	45.34
Expense on ESOS (refer note 49)	3.38	4.89
Total	930.53	925.53

NOTE 31: FINANCE COSTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on debts and borrowings		
Term loans	357.52	328.78
Interest others	22.89	27.90
Total	380.41	356.68

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 32: DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment	475.67	462.96
Depreciation of right of use	18.71	-
Amortisation of intangible assets	19.37	18.41
Total	513.75	481.37

NOTE 33: OTHER EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Transport, octroi & freight	825.76	976.19
Power and fuel	329.97	314.97
Rent (refer note 44)	109.12	158.58
Rates & taxes	90.44	125.41
Insurance	11.93	22.63
Repairs to Plant and machinery	51.42	46.12
Repairs to Building	6.06	17.77
Repairs to Others	8.97	11.37
Other factory expenses	193.81	170.40
Labour charges	161.80	194.89
Office Expense	40.45	37.58
Security charges	15.94	19.30
Travelling & conveyance	54.45	82.22
Legal & professional fees (refer note 43)	90.06	108.19
Director's remuneration	48.00	48.00
Auditor's remuneration #	4.76	4.20
Advertising and sales promotion	479.99	819.30
Commission on sales	38.47	79.50
Advances written-off	-	66.52
Bad debts [adjusted with provision for bad debts ₹ NIL (March 31, 2019: ₹ 187.26)]	-	187.26
Provision for doubtful debts (net)	93.00	247.99
Provision for doubtful advance (net)	2.10	26.90
Donations	0.65	0.62
CSR expenses [refer note 48]	10.78	12.42
Fair valuation loss - investment	-	0.75
Miscellaneous expenses	266.74	216.74
Total	2,934.67	3,995.82

Details of payments to auditors

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Payment to auditors		
As auditor:		
Audit fee	4.73	4.18
Re-imburement of expenses	0.03	0.02
Total	4.76	4.20



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(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, 2020

Particulars	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2020
Deferred tax liabilities				
Property, plant and equipment & Intangible assets	270.55	52.92	-	323.47
Others	10.62	1.10	-	11.72
Sub-Total	281.17	54.02	-	335.19
Deferred tax assets				
Expected credit loss on financial assets	383.36	33.23	-	416.59
IND AS 116	-	0.57	0.54	1.11
Expenses allowed on payment basis	17.94	2.99	(1.93)	19.00
Sub-Total	401.30	36.79	(1.39)	436.70
Minimum Alternate Tax (MAT) credit				
Recognised	56.55	(35.38)	-	21.17
Sub-Total	56.55	(35.38)	-	21.17
Net Deferred tax assets/(liabilities)	176.68	(52.61)	(1.39)	122.68

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
Deferred tax liabilities				
Property, plant and equipment & Intangible assets	296.86	(26.31)	-	270.55
Others	14.49	(3.87)	-	10.62
Sub-Total	311.35	(30.18)	-	281.17
Deferred tax assets				
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
Sub-Total	295.09	106.76	(0.54)	401.31
Minimum Alternate Tax (MAT) credit				
Recognised	89.30	(32.75)	-	56.55
Sub-Total	89.30	(32.75)	-	56.55
Net Deferred tax assets/(liabilities)	73.04	104.19	(0.54)	176.69

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

(b) Income tax expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income tax expense		
Current tax		
Current tax on profits for the year	293.13	361.67
Adjustments for current tax of earlier periods	-	(20.56)
Total	293.13	341.11
Deferred tax		
Deferred tax charge/(credit)	17.23	(136.94)
MAT Credit entitlement	35.38	32.75
Total	52.61	(104.19)
Income tax expense	345.74	236.92

(c) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before income tax expense	1,252.12	1,377.45
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	437.54	481.34
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of non deductible expenses	46.12	15.56
Effect of tax exempt income (exemption under section 80IB)	(168.32)	(146.63)
Effect of tax adjustment in respect of earlier years	-	(20.56)
Effect of deferred tax in respect of earlier years	0.57	(27.51)
Effect of tax rate change	-	0.16
Others	29.83	(65.44)
Income tax expense	345.74	236.92
Effective tax rate	27.61%	17.20%

(d) Amounts recognised in Other comprehensive income

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	Tax exp. (benefit)	Net of tax	Before tax	Tax exp. (benefit)	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	5.54	(1.93)	3.60	1.55	(0.54)	1.01

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.



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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.

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, 2020	March 31, 2019		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial Assets							
Investments - mutual fund	5.50	4.28	Fair Value through Profit and Loss	Level 1	Level 1	5.50	4.28
Investments - Others	0.02	1.02	Fair Value through Profit and Loss	Level 3	Level 3	0.02	1.02
Other Financial Assets (non current)	120.96	129.87	Amortised cost	Level 3	Level 3	120.96	129.87
Trade receivable	2,994.85	2,716.74	Amortised cost	Level 3	Level 3	2,994.85	2,716.74
Cash and Cash equivalents	213.15	67.69	Amortised cost	Level 3	Level 3	213.15	67.69
Other Bank Balance	54.55	46.83	Amortised cost	Level 3	Level 3	54.55	46.83
Total	3,389.03	2,966.43				3,389.03	2,966.43
Financial Liabilities							
Borrowings - non-current	481.48	646.21	Amortised cost	Level 3	Level 3	481.48	646.21
Borrowings - current	3,167.10	1,443.82	Amortised cost	Level 3	Level 3	3,167.10	1,443.82
Trade Payables	2,814.29	2,862.39	Amortised cost	Level 3	Level 3	2,814.29	2,862.39
Current Maturities of long term borrowings	302.28	259.04	Amortised cost	Level 3	Level 3	302.28	259.04
Other Financial Liabilities	493.14	433.48	Amortised cost	Level 3	Level 3	493.14	433.48
Total	7,258.29	5,644.94				7,258.29	5,644.94

NOTE 36: FINANCIAL RISK MANAGEMENT

Risk management framework

The Company has in place a mechanism to inform the Board about the risk assessment and minimization 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 minimize 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

(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, 2020	March 31, 2019
Outstanding for a period not exceeding six months	2,883.13	2,482.29
Outstanding for a period exceeding six months	1,257.67	1,287.40
Gross trade receivables	4,140.80	3,769.69
Less: Provision for doubtful debts	(1,145.95)	(1,052.95)
Net trade receivables	2,994.85	2,716.74

On account of adoption of Ind AS 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, 2018	804.96
Add: Provision during the year	247.99
Less: Utilised during the year	-
Balance as at March 31, 2019	1,052.95
Add: Provision during the year	93.00
Less: Utilised during the year	-
Balance as at March 31, 2020	1,145.95

(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.



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

(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, 2020	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including current maturity and interest)	783.76	350.50	332.78	173.57	856.85
Borrowings - current	3,167.10	3,167.10	-	-	3,167.10
Trade payables	2,814.29	2,814.29	-	-	2,814.29
Other financial liabilities	493.14	493.14	-	-	493.14
Total non-derivative liabilities	7,258.29	6,825.03	332.78	173.57	7,331.38

Contractual maturities of financial liabilities March 31, 2019	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including current maturity and interest)	905.25	284.94	294.49	417.52	996.95
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
Total non-derivative liabilities	5,903.98	5,283.67	294.49	417.52	5,995.68

(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.

(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, 2020, March 31, 2019.

(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, 2020		March 31, 2019	
			₹	Foreign currency	₹	Foreign currency
A Financial assets						
(i)	Trade receivables	USD	11.17	0.15	16.11	0.23
B Financial liabilities						
(i) Foreign currency loan						
	Bank loan	USD	361.40	4.79	498.31	7.20
	Interest Payable	USD	6.11	0.08	9.10	0.12
(ii) Trade payables						
		USD	8.74	0.12	0.07	0.01
		EURO	39.11	0.47	10.77	0.14
		AUD	1.50	0.03	0.16	0.01
		GBP	0.06	0.00	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

(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)
Mar-20				
Effect in INR				
1 % movement				
USD	3.65	(3.65)	3.65	(3.65)
EUR	0.39	(0.39)	0.39	(0.39)
AUD	0.01	(0.01)	0.01	(0.01)
GBP	0.00	(0.00)	0.00	(0.00)
Mar-19				
Effect in INR				
1 % movement				
USD	4.91	(4.91)	4.91	(4.91)
EUR	(0.38)	0.38	(0.38)	0.38
AUD	0.00	(0.00)	0.00	(0.00)
GBP	(0.00)	0.00	(0.00)	0.00

(i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cashflows 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.

(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, 2020	March 31, 2019
Variable rate borrowings	3,923.25	2,337.29
Fixed rate borrowings	27.61	11.78
Total borrowings	3,950.86	2,349.07

(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	
	31 March 2020	31 March 2019
Interest rates - increase by 100 basis points *	(39.23)	(23.37)
Interest rates - decrease by 100 basis points *	39.23	23.37

* Holding all other variables constant



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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, 2020	March 31, 2019
Borrowings		
Long term and Short term borrowings	3,648.58	2,090.03
Current maturities of Long term borrowings	302.28	259.04
Less: Cash and cash equivalents	(267.70)	(114.52)
Adjusted net debt	3,683.16	2,234.55
Total Equity	9,060.92	8,251.02
Adjusted net debt to equity ratio	0.41	0.27

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.

NOTE 38:

IND AS 116

Effective April 1, 2019, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in the recognition of ROU asset of Rs. 153.52 Million and a lease liability of Rs. 156.70 Million. The cumulative effect of applying the standard, amounting to Rs. 2.07 Million, was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116, Leases resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 39: EMPLOYEE BENEFITS

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, 2020. 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.

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 table below sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at the balance sheet date.

Defined benefit plans	For the year ended March 31, 2020	For the year ended March 31, 2019
I Expenses recognised in statement of profit and loss during the year:		
Current Service Cost	10.15	8.33
Past Service Cost	-	0.00
Expected return on plan assets	(1.43)	(1.29)
Interest cost on benefit obligation	3.66	3.34
Total Expenses	12.38	10.38
II Expenses recognised in OCI		
Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO	0.00	-
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	2.16	0.80
Actuarial (Gain)/ Losses due to Experience on DBO	(8.05)	(2.66)
Return on Plan Assets (Greater) / Less than Discount rate	0.36	0.31
Total Expenses	(5.53)	(1.55)
III Net Asset / (Liability) recognised as at balance sheet date:		
Present value of defined benefit obligation	(62.75)	(56.90)
Fair Value of Plan Assets	22.13	20.04
Funded status [Surplus/(Deficit)]	(40.62)	(36.86)
IV Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	56.90	49.68
Current Service Cost	10.15	8.33
Past service cost	-	-
Interest Cost	3.66	3.34
Actuarial (Gain)/Loss	(5.89)	(1.86)
Benefits paid	(2.07)	(2.59)
Present value of defined benefit obligation at the end of the year	62.75	56.90
V Movements in fair value of the plan assets		



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Defined benefit plans	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening fair value of plan assets	20.04	17.36
Expected returns on Plan Assets	1.44	1.31
Actuarial (Gain)/Loss on Plan assets	(0.36)	(0.31)
Contribution from Employer	2.99	3.99
Benefits paid	(1.98)	(2.31)
Closing fair value of the plan asset	22.13	20.04
VI Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	12.13	11.28
Between 1 to 5 years	32.67	29.63
Between 6 to 10 years	23.16	23.31
VII Quantitative sensitivity analysis for significant assumptions is as below:		
1 Increase/(decrease) on present value of defined benefit obligation at the end of the year		
(i) +100 basis points increase in discount rate	(4.53)%	(4.53)%
(i) -100 basis points decrease in discount rate	5.01%	5.00%
(iii) +100 basis points increase in rate of salary increase	4.88%	4.94%
(iv) -100 basis points decrease in rate of salary increase	(4.55)%	(4.59)%

2 Sensitivity analysis method

Sensitivity analysis 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.

	As at March 31, 2020	As at March 31, 2019
VIII Actuarial Assumptions:		
Discount rate	6.40%	7.15%
Expected return on assets	6.40%	7.15%
Expected rate of salary increase	6.00% p.a	6.00% p.a
Withdrawal rate	14.00%	14.00%
Mortality	Indian Assured Lives Mortality (2012-14) 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 is managed by life insurance company, details of fund invested by insurer are not available with company.
- The Company expects to make a contribution of ₹ 12.13 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 6.52 years.

B. Defined contribution plan- Provident Fund/Employee State Insurance

The Company has recognised an amount of ₹ 41.19 Million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Benefit/Contribution to	As at March 31, 2020	As at March 31, 2019
Provident Fund	34.23	34.25
National Pension Scheme	0.98	0.79
Employees State Insurance	5.94	5.95
Labour Welfare Fund	0.03	0.02
Total	41.19	41.01

C. Annual Leave and Sick Leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2020 based on actuarial valuation carried out by using Projected Unit Credit method resulted in decrease in liability by ₹ 9.10 Million. (Previous Year- increased by ₹ 0.66 Million)

Financial Assumptions	As at March 31, 2020	As at March 31, 2019
Discount Rate	6.40%	7.15%
Basic salary increases allowing for Price inflation	6.00%	6.00%

Demographic Assumptions	As at March 31, 2020	As at March 31, 2019
Mortality	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Employee Turnover	14.00%	14.00%
Leave Availment Ratio	15% for two years	15% for two years

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 ₹ 212.97 Million (March 31, 2019: ₹ 209.86 Million) as Other Operating Income in Statement of Profit and Loss.

Company has also accounted for Milk subsidy amounting to ₹ 63.22 Million (March 31, 2019: ₹ 856.10 Million) and export subsidy amounting to ₹ 9.61 Million (March 31, 2019: ₹ 182.09 Million) as Other Operating Income in Statement of Profit and Loss.

NOTE 41: CONTINGENT LIABILITIES

Sr no	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Guarantees given by banks on behalf of the Company	-	1.50
b)	Sales tax matter under litigation in respect of Company for FY 2009-10 and F.Y. 2010-11 for pending forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	58.70	72.88
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 Company. The amount includes interest of ₹ 20.37 Million	70.68	70.68
d)	Goods and Service Tax matter under litigation in respect of Company for FY 2019-20	7.85	-
e)	Sales Tax matter under litigation in respect of Company for FY 2017-18 for pending forms	1.12	-
f)	Income tax matter under litigation for the AY 2013-14 to AY 2019-20	11.83	71.49
g)	Corporate Guarantee given by the Company for Loan taken by suppliers from Bank	200.00	200.00

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.



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

- 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, 2020: ₹ 62.81 Million and March 31, 2019: ₹ 173.11 Million) amounting ₹ 94.84 Million (March 31, 2019: ₹ 72.79 Million) but not recognised as liabilities.

(b) Other commitments

For commitments in respect of non-cancellable lease refer note 44

NOTE 43: RELATED PARTY DISCLOSURES

Details of related parties:

Description of relationship	Name of the related parties
A. Enterprise where company exercise control	
Subsidiary	Bhagalaxmi Dairy Farms Private Limited
B. Other related parties	
Key Management Personnel (KMP)	Mr. Devendra Shah – Chairman Mr. Pritam Shah – Director Mr. Venkat Shankar - CEO (w.e.f. July 4, 2019) Mr. Shashikant Dalmia - CFO (w.e.f. Aug 2, 2019) Mr. Vimal Agarwal - CFO (till July 19, 2019) Mrs. Rachana Sanganeria - CS Mr. Nitin R. Dhavalikar - Director Mrs. 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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Details of related party transactions For the year ended on March 31, 2020:

Particulars	March 31, 2020	March 31, 2019
Purchase of Goods		
Bhagyalaxmi Dairy Farms Private Limited	218.55	128.82
Bharat Trading Company	-	10.20
Sale of Goods		
Bhagyalaxmi Dairy Farms Private Limited	33.59	31.10
Remuneration to Key Management Personnel and their relatives *		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Venkat Shankar	14.92	-
Vimal Agarwal	5.69	11.99
Shashikant Dalmia	4.60	-
Rachana Sanganeria	2.05	1.89
Akshali Shah	3.48	3.28
Poojan Shah	0.56	0.33
Rent Payment		
Bhagyalaxmi Dairy Farms Private Limited	6.60	6.60
Devendra Shah	3.37	3.39
Pritam Shah	0.43	0.45
Priti Shah	0.37	0.39
Netra Shah	0.37	0.39
Reimbursement of expenses KMP		
Devendra Shah	-	0.90
Director sitting fees		
Nitin R. Dhavalikar	1.10	1.10
Radhika Pereira	0.70	0.60
Narendra Ambwani	0.80	0.70
Ramesh Chandak	1.10	0.50
Consultancy fee including out of pocket expenses		
B.M. Vyas	8.40	8.40
SBM Advisors LLP	0.91	2.61
Conversion income		
Bhagyalaxmi Dairy Farms Private Limited	-	2.60
Advances received/(paid) (Net)		
Bhagyalaxmi Dairy Farms Private Limited	(175.09)	(210.21)
Loan taken from		
Pritam Shah	-	18.50
Loan repaid to		
Devendra Shah	-	-
Pritam Shah	-	18.50

* 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.



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Details of balances outstanding at the year end

Particulars	As at March 31, 2020	As at March 31, 2019
Amount Payable to		
Devendra Shah	1.50	1.59
Pritam Shah	1.26	1.34
Venkat Shankar	3.56	-
Shashikant Dalmia	1.03	-
Vimal Agarwal	-	0.82
Rachana Sangneria	0.20	0.16
Bharat Trading Company	-	1.19
B.M. Vyas	0.75	0.75
Akshali Shah	0.29	0.29
Poojan Shah	0.05	0.05
Netra Shah	1.09	0.77
Priti Shah	0.49	0.26
SBM Advisors LLP	-	0.24
Personal guarantee issued by		
Devendra Shah, Pritam Shah, Prakash Shah, Netra Shah, and Priti Shah	5,779.70	4,813.00
Receivable		
Bhagalaxmi Dairy Farms Private Limited	30.07	47.60

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 ₹ 109.12 Million (March 31, 2019: ₹ 158.58 Million).

Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Lease rentals due		
Not later than one year	27.75	14.02
Later than one year and not later than five years	109.75	4.90
Later than five years	-	-

NOTE 45 : DISCLOSURE UNDER MICRO, SMALL, AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 :

Particulars	2019-2020	2018-2019
a) Principal amount due to suppliers under MSMED Act, 2006	17.48	19.00
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	1.95	0.48
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	37.73	72.26
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	0.97	3.17
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	7.55	4.64

Note: The above information is given to the extent available with the Company and relied upon by the auditor.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 46: EARNINGS PER SHARE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(Loss) attributable to Equity shareholders (₹ in Million)(A)	906	1,141
Weighted average number of Equity shares for basic EPS (B)	8,39,38,567	8,39,18,463
Effect of Dilution :		
Weighted average number of Treasury shares held through ESOP Trust	1,76,015	1,76,015
Weighted average number of Equity shares adjusted for the effect of dilution (C)	8,41,14,582	8,40,94,478
Basic EPS (Amount in ₹) (A/B)	10.80	13.59
Diluted EPS (Amount in ₹) (A/C)	10.78	13.56

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, 2020	Year Ended March 31, 2019
Within India	23,529.57	22,715.49
Outside India	383.20	745.82
Total	23,912.77	23,461.31

(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.

NOTE 48: DISCLOSURE ON CSR EXPENSE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Gross amount required to be spent by the Company during the period.	21.74	12.42
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above		
In Cash	10.78	12.42
Yet To be Paid in Cash	10.96	-



Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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 696,339 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 01, 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 ESOS2015 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 years
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 summarized below:

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	1,66,015	258.90	1,26,927	250.00
Granted during the year	-	-	1,66,015	258.90
Forfeited/lapsed during the year	50,250	258.90	75,942	250.00
Exercised during the year	-	-	50,985	250.00
Exercisable/ Vested during the year	-	-	-	-
Outstanding at the end of the year:	1,15,765	258.90	1,66,015	258.90
of which Options vested and exercisable at the end of the year	-	-	-	-

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Dividend yield (%)		
Expected volatility	34.95%	34.95%
Risk-free interest rate	7.40%	7.40%
Weighted average share price	258.90	258.9
Exercise price (₹)	258.90	258.9
Expected life of options granted in years	2	2
Life of option remaining in months	7	19

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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 $\text{Year to Vesting} + (\text{Contractual Option Term}) / 2$. 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, 2020	Year Ended March 31, 2019
Employee option Plans	3.38	4.89

NOTE 50:

Based on its initial assessment, the Management does not expect any significant impact on the business of the Company due to the COVID-19 pandemic. The Company has evaluated the possible effects of COVID-19 on the carrying amounts of property, plant and equipment, inventory and trade receivables basis the internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to the above, and the Company's operating efficiency and gradually improving liquidity position, there is no material uncertainty in meeting the financial obligations over the foreseeable future.

NOTE 51:

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: June 29, 2020

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Shashikant Dalmia
Chief Financial Officer

Place: Manchar
Date: June 29, 2020

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, 2020, 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 "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") prescribed under Section 133 of the Act, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit (including other comprehensive income), their 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 on the Consolidated Ind AS Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements of the current year. 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 these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matter(s)	How our audit addressed the key audit matter
1.	<p>Valuation of Trade Receivables</p> <p>(Refer to Note 3(c)(i) 'Accounting policy on Impairment of financial assets', note 12 'Trade receivables' and 38A 'Financial Risk Management- Credit Risk' to the Consolidated Ind AS financial statements)</p> <p>As at March 31, 2020, the trade receivables balance excluding provisions included in note 12 were ₹ 4,197.47 Million.</p> <p>We have identified valuation of trade receivables as a key audit matter on account of the significant management judgment involved with respect to the recoverability and existence 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 but were not limited to the following:</p> <p>(a) Understanding the trade receivables process with regards to Valuation and evaluation of controls designed and implemented by the Group's management.</p> <p>(b) Assessment of the appropriateness of the Group'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"> • Obtaining an understanding on credit approvals, establishing credit limits and continuous monitoring of creditworthiness of customers to which the Group grants the credit in normal course of business. • Obtaining understanding on how the Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade receivables. <p>(d) Tests of details:</p> <ul style="list-style-type: none"> • We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements; • We have verified the underlying supporting documents like acceptance of invoices along with various correspondence carried out by the management of the Group with trade receivables for realization of money; • We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables; • We have verified the appropriateness of judgments regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Group's provisioning policies. • 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.

EMPHASIS OF MATTER

We draw attention to Note 54 to the accompanying Consolidated Ind AS Financial Statements which explains the uncertainties and the Management's evaluation of the financial impact on the Group due to lockdown and other restrictions imposed on account of COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period.

Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the Standalone Ind AS Financial Statements, Consolidated 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 prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 judgment and maintain professional skepticism throughout the audit. We also:

- 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 company, 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 entity included in the Consolidated Ind AS Financial Statements 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 year 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;
- 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 Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of the written representations received from the directors of the Holding Company and its subsidiary company as on March 31, 2020 and taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India, is

disqualified as on March 31, 2020 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 Holding Company and its subsidiary company, incorporated in India and the operating effectiveness of such controls, refer to 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:

In our opinion and to the best of our information and according to the explanations given to us by the Holding Company, the remuneration paid/ provided to their directors during the year by the Holding Company and subsidiary company incorporated in India 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 42 to the Consolidated Ind AS Financial Statements;
 - (ii) The Group did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise; and;
 - (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
UDIN: 20048539AAAABK2445
Place: Mumbai
Date: June 29, 2020



Annexure to the Independent Auditor's Report

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our 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, 2020]

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 ("Holding Company") as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which is a 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 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 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 internal financial controls with reference to financial statements of the Group.

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 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, 2020, based on the internal control with reference to financial statements criteria established by the respective companies 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
UDIN: 20048539AAAABK2445
Place: Mumbai
Date: June 29, 2020

Consolidated Balance Sheet

as at March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,132.94	4,023.38
Capital work-in-progress		70.24	290.26
Other intangible assets	5	26.51	34.46
Right of Use Assets	4A	137.17	-
Biological Assets other than bearer plants	6	359.72	337.62
Financial assets			
Investments	7	5.52	5.30
Loans	8	4.32	3.51
Other financial assets	9	121.08	129.98
Deferred tax assets (Net)	36	88.26	166.70
Other non-current assets	10	187.11	219.22
Total		5,132.87	5,210.43
Current assets			
Inventories	11	6,328.86	4,628.79
Financial assets			
Trade receivables	12	3,034.79	2,786.49
Cash and cash equivalents	13	223.78	73.46
Other bank balances	14	54.65	46.93
Other current assets	15	2,071.98	1,674.26
Total		11,714.06	9,209.93
Total assets		16,846.93	14,420.36
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	839.39	839.39
Other equity	17	8,272.23	7,431.98
Total		9,111.62	8,271.37
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	18	481.48	646.21
Other non-current liabilities	19	112.14	-
Provisions	20	45.10	44.49
Total		638.72	690.70
Current liabilities			
Financial liabilities			
Borrowings	21	3,215.68	1,497.46
Trade payables	22		
Payable to Micro and Small Enterprises		25.41	23.63
Payable to others		2,915.00	2,947.33
Other financial liabilities	23	804.26	725.66
Other current liabilities	24	51.79	75.66
Provisions	25	4.58	10.20
Current Tax Liabilities (Net)	26	79.87	178.35
Total		7,096.59	5,458.29
Total liabilities		7,735.31	6,148.99
Total equity and liabilities		16,846.93	14,420.36
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

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Shashikant Dalmia
Chief Financial Officer

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sanganeria
Company Secretary & Compliance Officer

Place: Mumbai
Date: June 29, 2020

Place: Manchar
Date: June 29, 2020



Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue			
Revenue from operations	27	24,379.24	23,956.64
Other income	28	75.99	102.63
Total		24,455.23	24,059.27
Expenses			
Cost of materials consumed	29	17,669.92	15,210.70
Purchases of stock-in-trade	30	2,220.30	1,482.79
Changes in inventories of work-in-progress and finished goods	31	(1,743.36)	(119.87)
Employee benefit expense	32	961.04	949.94
Finance costs	33	381.04	357.88
Depreciation and amortisation expense	34	536.41	501.85
Other expenses	35	3,160.32	4,198.12
Total		23,185.67	22,581.41
Profit before exceptional items and tax		1,269.56	1,477.86
Exceptional items		-	-
Profit/(Loss) before tax		1,269.56	1,477.86
Tax expense	36		
Current tax		297.87	362.67
Deferred tax		34.80	(92.00)
Profit/(Loss) after tax		936.89	1,207.19
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		5.47	1.49
Income Tax effect		(1.91)	(0.52)
Other comprehensive income for the year, net of tax		3.56	0.97
Total comprehensive income for the year		940.45	1,208.16
Earnings per equity share of face value of ₹ 10/- each:			
Basic earnings per share (in ₹)	39	11.16	14.39
Diluted earnings per share (in ₹)	39	11.14	14.36
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: June 29, 2020

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Shashikant Dalmia
Chief Financial Officer

Place: Manchar
Date: June 29, 2020

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sanganeria
Company Secretary & Compliance Officer

Consolidated Statement of Cash Flows

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Net Profit before taxation	1,269.56	1,477.86
Add:		
Depreciation/amortisation	536.41	501.85
Provision for doubtful advance	2.10	27.10
Provision for doubtful debts	96.79	250.93
Unrealised forex (gain)/loss	6.46	4.27
Fair valuation loss - investment	(0.21)	0.75
ESOP expense	3.38	4.89
Finance cost	381.04	357.88
Bad debts	-	187.26
Customer advances written back	(5.58)	-
Advances written-off (PSI)	-	66.52
Loss on sale or death of livestock	15.21	11.11
Fair value change of livestock	(40.00)	(61.83)
Profit on sale of Property, Plant and Equipment (net)	-	(0.25)
Interest income	(25.12)	(20.46)
Operating profit before working capital changes	2,240.04	2,807.88
Adjustments for:		
(Increase) / decrease in inventories	(1,700.07)	(249.45)
(Increase) / decrease in trade receivables	(345.79)	(704.69)
(Increase) / decrease in non-current and current financial assets	(2.00)	(24.77)
(Increase) / decrease other non-current and current assets	(401.65)	(109.17)
Increase / (decrease) in non-current and current financial liabilities	(1.49)	106.22
Increase / (decrease) in other non-current and current liabilities	(65.28)	(95.56)
Increase / (decrease) in trade payables	(34.10)	(62.54)
Increase / (decrease) in provisions	0.46	6.43
Cash generated from operations	(309.88)	1,674.35
Direct taxes paid (net of refunds)	(354.07)	(272.57)
Net cash flow from operating activities	(663.95)	1,401.78
B. Cash Flow from Investing Activities		
Purchase of Property, plant and equipment	(306.66)	(879.16)
Purchase of intangible assets	(11.50)	(5.68)
Sale of livestock	2.69	3.97
Sale of Property, plant and equipment	0.58	0.65
Maturity of fixed deposits	2.08	129.38
Investment in mutual funds	(0.01)	(1.00)
Interest received	17.84	20.51
Net cash used in investing activities	(294.98)	(731.33)



Consolidated Statement of Cash Flows

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash Flow from Financing Activities		
Proceeds from long term borrowings	73.65	236.64
Proceeds from issue of shares (net of issue expenses)	-	12.74
Proceeds / (repayment) short term borrowings (net)	1,718.22	(504.02)
Repayment of long term borrowings	(197.35)	(247.55)
Payment of dividend including dividend distribution tax	(101.41)	(76.05)
Interest paid	(383.86)	(328.76)
Net cash flow from/ (used in) financing activities	1,109.25	(907.00)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	150.32	(236.55)
Cash and cash equivalents at the beginning of the year [Refer Note 13]	73.46	310.01
Balances with banks- in current accounts	78.34	34.65
Fixed deposits with original maturity of less than three months	125.26	23.10
Cash on hand	20.18	15.71
Cash and cash equivalents at the end of the year [Refer Note 13]	223.78	73.46

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 ₹ 30.04 Million (March 31, 2019: ₹ 29.91 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 "Unrealized forex exchange (gain) / loss".

Particulars	Opening Balance	Cash movement	Foreign exchange changes	Fair value changes	Others	Closing Balance
Long term borrowing (net)	905.25	(151.53)	30.04	-	-	783.76
Short term borrowing (net)	1,497.46	1,718.22	-	-	-	3,215.68
Total	2,402.71	1,566.69	30.04	-	-	3,999.44

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: June 29, 2020

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Shashikant Dalmia
Chief Financial Officer

Place: Manchar
Date: June 29, 2020

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sangneria
Company Secretary & Compliance Officer

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

EQUITY SHARE CAPITAL (REFER NOTE 16)

Particulars	31 March 2020	31 March 2019
	Amount	Amount
Balance at the beginning of the reporting year	839.39	838.88
Change during the year (refer note 51)	-	0.51
Balance at the end of the reporting year	839.39	839.39

OTHER EQUITY (REFER NOTE 17)

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Employee Stock Options Outstanding	Retained Earnings		
Balance as at April 1, 2018	4,435.61	51.56	7.70	1,798.35	(10.47)	6,282.75
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)
Balance as at March 31, 2019	4,447.85	59.26	4.89	2,929.48	(9.50)	7,431.98
Profit after tax for the year	-	-	-	936.89	-	936.89
Other comprehensive income for the year (net of tax)	-	-	-	-	3.56	3.56
Deferred Employee Compensation Expense	-	-	3.38	-	-	3.38
IND AS 116 impact	-	-	-	(2.18)	-	(2.18)
Transfer of Employee Stock Options outstanding to General Reserve	-	-	-	-	-	-
Securities premium credited for equity shares issued by ESOP trust	-	-	-	-	-	-
Dividend paid	-	-	-	(84.11)	-	(84.11)
Tax on dividend	-	-	-	(17.29)	-	(17.29)
Balance at the end of March 31, 2020	4,447.85	59.26	8.27	3,762.79	(5.94)	8,272.23

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

Shashikant Dalmia
Chief Financial Officer

Rachana Sanganeria
Company Secretary & Compliance Officer

Place: Mumbai
Date: June 29, 2020

Place: Manchar
Date: June 29, 2020



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

1. CORPORATE INFORMATION

The consolidated financial statements comprises financial statements of Parag Milk Foods Limited ("the parent") and its subsidiary Bhagyalaxmi 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", "Topp up" and "Avvatar".

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 31 March 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.

(All amounts are in ₹ million unless otherwise stated)

As these are the Groups's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance is provided in Note 54.

The consolidated financial statements were authorised for issue by the Parent's Board of Directors on June 29, 2020.

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 Million, unless otherwise indicated.

D. Basis of measurement

The consolidated 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
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 Group 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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 31 March 2020 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.

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 or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as on 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer note 55).

iii. 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.

iv. 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 upto the month preceding the month of deduction/disposal.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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.

v. 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.

vi. 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 in profit or loss 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

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (Refer note 55).

c) Leases

The Company has implemented the Ind AS 116 "Leases" as notified by the Ministry of Corporate Affairs on 30th March 2019 through the Companies (Indian Accounting Standards) Amendment Rules, 2019.

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on April 1, 2019 using the modified retrospective method of transition. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The Company's lease asset classes primarily consist of leases of land, building and equipment.

At the date of commencement of lease, the Company recognise a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve month or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as operating expense on straight-line basis over the term of lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Right of use of assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset. Right of use of assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Lease liability is initially measured at amortized cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re measured with corresponding adjustment to the related right to use of asset if company changes its assessment if whether it will exercise an extension or termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

The following is the summary of practical expedients elected on initial application.

1. Applied a single discount rate to portfolio of leases of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognize right to use of asset and liabilities for leases with less than 12 months of lease term of the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17
4. Excluding initial direct costs for the measurement of right to use of asset at the date of initial application.

d) 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.

e) 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.

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.

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



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

(All amounts are in ₹ million unless otherwise stated)

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 it is probable that the economic benefits associated with a transaction flow to the company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Group.

Revenue includes only the gross inflows of economic benefits, including excise duty, received or receivable by the company, on its own account. Amount collected on behalf of third parties such as sales tax, value added tax and goods and services tax are excluded from revenue.

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.

Interest income is recognised using the effective interest method.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

i) Foreign currencies

Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the Group are recorded in the functional currency (₹), 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.

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 & 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



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

settle on a net basis, or to realize 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 recognizes 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. Re-measurement 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.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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.

t) Recent accounting pronouncements/ Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board (IASB). These amendments are applicable to the Group from 1st April, 2018. The Company will be adopting the amendments from their effective date.

i. Ind AS 115 Revenue from Contract with Customers:

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity

to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

Based on the preliminary assessment performed by the Group, the impact of application of the Standards is not expected to be material.

ii. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of assets, expense or income (or part of it) is the date on which the entity initially recognises the non-monetary asset or non monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipt in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The impact of the appendix on the financial statements, as assessed by the Group, is expected to be not material.

iii. Ind AS 12 - Income taxes

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 12, 'Income taxes'. The amendments are applicable to the Company from April 01, 2018. The amendments explain how to apply the recognition and measurement requirements in Ind AS 12 Income taxes when there is uncertainty over income tax treatment. The amendments considers that:

- Tax law determines which deductions are offset against taxable income in determining taxable profits
- No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Group is evaluating the impact of this amendment on its financial statements. However, based on preliminary assessment, there will not be any material impact on the financial position and performance of the Group.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

(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
Year ended March 31, 2019									
Gross carrying amount									
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 (Refer Note 1 below)	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)
Closing gross carrying amount as at March 31, 2019	195.37	40.51	849.21	4,273.70	40.49	27.81	20.60	40.71	5,488.40
Accumulated depreciation									
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)
Closing accumulated depreciation up to March 31, 2019	-	31.64	103.40	1,280.90	8.73	10.55	8.00	21.80	1,465.02
Net carrying amount as at March 31, 2019	195.37	8.87	745.81	2,992.80	31.76	17.26	12.60	18.91	4,023.38
Year ended March 31, 2020									
Gross carrying amount									
Opening gross carrying amount	195.37	40.51	849.21	4,273.70	40.49	27.81	20.60	40.71	5,488.40
Additions during the year (Refer Note 1 below)	3.73	1.10	41.85	519.53	1.47	27.82	9.16	3.20	607.86
Disposals during the year	-	-	-	(0.62)	-	-	-	-	(0.62)
Closing gross carrying amount as at March 31, 2020	199.10	41.61	891.06	4,792.61	41.96	55.63	29.76	43.91	6,095.64
Accumulated depreciation									
Opening accumulated depreciation	-	31.64	103.40	1,280.90	8.73	10.55	8.00	21.80	1,465.02
Depreciation charge during the year	-	5.91	37.29	428.52	4.23	5.20	4.64	11.93	497.72
Disposals during the year	-	-	-	(0.04)	-	-	-	-	(0.04)
Closing accumulated depreciation up to March 31, 2020	-	37.55	140.69	1,709.38	12.96	15.75	12.64	33.73	1,962.70
Net carrying amount as at March 31, 2020	199.10	4.06	750.37	3,083.23	29.00	39.88	17.12	10.18	4,132.94

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 ₹ 30.40 Million for the year ended March 31, 2020 (March 31, 2019: loss of ₹ 41.60 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.

Amount of contractual commitments for the acquisition of PPE, Refer note 43.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 4A: LEASES

(i) Amounts to be recognised in balance sheet as on March 31, 2020

The Balance Sheet shows the following amounts relating to leases:

Right to use assets	March 31, 2020
Plant & Machinery	156.41
Total	156.41

(Additions to the right-of-use assets during the financial year 2019-20 were ₹ 156.41 Million)

Lease liabilities	March 31, 2020
Current	28.14
Non - Current	112.14
Total	140.28

(ii) Amounts to be recognised in Statement of Profit and Loss for the year ended March 31, 2020

The Statement of Profit and Loss shows the following amounts relating to leases:

Depreciation	March 31, 2020
Plant & Machinery	19.24
Total	19.24

(iii) Interest expenses on lease liabilities (included in finance cost) ₹ 5.38 Million

(iv) Total cash outflow for leases during financial year was:

Particulars	March 31, 2020
Operating cash flows (Interest Expenses)	5.38
Total	5.38

Impact of change in the accounting policy

Effective April 1, 2019, the Group has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method of transition, accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The effect of this adoption is insignificant on the profit for the period, earnings per share, total assets, total liabilities and adjustment to retained earnings.

On adoption of IND AS 116, the Group recognised lease liabilities under the principles of IND AS 17 "Leases". The Right -of-use assets is measured at an amount equal to the lease liability. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019.

(i) Summary of practical expedients applied on initial application of Ind AS 116 Leases -

In applying IND AS 116 for the first time, the company has used the following practical expedients permitted by the standard:

1. Relying on assessments performed immediately before initial application on whether leases are onerous as per Ind AS 37 Provisions, Contingent liabilities and Contingent Assets, as an alternative to performing an impairment review as per Ind AS 36 -Impairments of assets as on the date of initial application – there were no onerous contracts as at 1 April 2019,
2. Accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases, and
3. Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, the company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Instead, for contracts entered into before the transition date the company relied on its assessment made applying IndAS 17 in determining whether an arrangement contains a Lease.

(ii) Measurement of lease liabilities

Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	-
Operating lease commitments as on March 31, 2019 discounted using the lessee's incremental borrowing rate of at the date of initial application	-
Add: finance lease liabilities recognised as at 31 March 2019	159.76
(Less): short-term leases not recognised as a liability	-
Add/(less): adjustments for non-cancellable lease	-
Lease liability recognised as at 1 April 2019	159.76
Of which are:	
Current lease liabilities	21.11
Non-current lease liabilities	138.65

NOTE 5: OTHER INTANGIBLE ASSETS

Particulars	Computer software	Website Development	Brands / Trade Marks	Total
Year ended March 31, 2019				
Gross carrying amount				
Opening gross carrying amount	59.50	0.12	0.18	59.80
Additions during the year	0.98	-	4.70	5.68
Closing gross carrying amount as at March 31, 2019	60.48	0.12	4.88	65.48
Accumulated amortisation				
Opening accumulated amortisation	12.08	0.12	0.14	12.34
Amortisation charge for the year	18.37	-	0.31	18.68
Closing accumulated amortisation up to March 31, 2019	30.45	0.12	0.45	31.02
Closing net carrying amount as at March 31, 2019	30.03	-	4.43	34.46
Year ended March 31, 2020				
Gross carrying amount				
Opening gross carrying amount	60.48	0.12	4.88	65.48
Additions during the year	2.90	-	8.60	11.50
Closing gross carrying amount as at March 31, 2020	63.38	0.12	13.48	76.98
Accumulated amortisation				
Opening accumulated amortisation	30.45	0.12	0.45	31.02
Amortisation charge for the year	18.48	-	0.97	19.45
Closing accumulated depreciation up to March 31, 2020	48.93	0.12	1.42	50.47
Net carrying amount as at March 31, 2020	14.45	-	12.06	26.51

There are no contractual commitments for the acquisition of intangible assets.

NOTE 6: BIOLOGICAL ASSET OTHER THAN BEARER PLANT - LIVESTOCK (COWS)

Particulars	March 31, 2020	March 31, 2019
Balance beginning of the year	337.62	290.87
Less: Decrease due to sale/disposal	(17.90)	(15.08)
Add/(Less): Change in fair value less cost to sell #	40.00	61.83
Fair Value as at the end of the year	359.72	337.62

Represents change in price as well as changes on account of biological transformation. There have been no new purchase/acquisitions of biological assets.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 7: INVESTMENTS

Particulars	March 31, 2020		March 31, 2019	
	Quantity (Nos.)	Value	Quantity (Nos.)	Value
Unquoted				
Investment in equity instruments (fully paid-up)				
Investment in other entities (fair value through Profit and Loss)				
OPGS Power Gujarat Private Limited	2,18,000	-	2,18,000	-
Rupee Co-Operative Bank Ltd.	3,800	-	3,800	-
Other Investments				
Investment in other entities which are carried at amortised cost				
Sharad Sahakari Bank Ltd.	318	0.02	318	0.02
Investment in mutual fund (fair value through Profit and Loss)				
PFG-Union Balanced Advantage Fund Regular Plan - Growth	4,99,990	4.77	4,99,990	4.28
FSGP-IDBI Banking & Financial	1,00,000	0.73	1,00,000	1.00
Total		5.52		5.30
Total non-current investments		5.52		5.30
Aggregate amount of quoted investments and market value thereof		5.50		5.28
Aggregate amount of unquoted investments		0.02		0.02
Aggregate amount of impairment in the value of investments		-		-

NOTE 8: LOANS - NON CURRENT

Particulars	March 31, 2020	March 31, 2019
Unsecured considered good		
Security Deposits	4.32	3.51
Total	4.32	3.51

NOTE 9: OTHER NON-CURRENT ASSETS

Particulars	March 31, 2020	March 31, 2019
Unsecured, considered good		
Fixed deposits having original maturity of more than one year	2.61	12.41
Interest Receivable	-	0.29
Deposits	118.47	117.28
Total	121.08	129.98

NOTE 10: OTHER NON-CURRENT ASSETS

Particulars	March 31, 2020	March 31, 2019
Unsecured, considered good		
Capital advances	177.71	219.22
Prepaid expenses	9.40	-
Total	187.11	219.22

NOTE 11: INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

Particulars	March 31, 2020	March 31, 2019
Raw materials	103.74	138.36
Work-in-progress	3,840.44	2,787.06
Finished goods	2,135.16	1,445.18
Packing material	126.27	192.88
Stores and spares	123.25	65.31
Total	6,328.86	4,628.79

For Inventories pledged as securities against borrowings, see note 18 and note 21.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

The above includes goods in transit as below:

Particulars	March 31, 2020	March 31, 2019
Stock in transit - finished goods	8.17	8.68

The cost of inventories recognised as an expense includes ₹ 12.60 Million (March 31, 2019: ₹ 0.65 Million) in respect of write down of inventories to net realizable value. Further, a sum of ₹ 0.65 Million (March 31, 2019: ₹ 13.91 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, 2020	March 31, 2019
Unsecured, Considered good	3,034.79	2,786.49
Unsecured, Considered doubtful	1,162.68	1,065.89
Less: Allowance for doubtful debts	(1,162.68)	(1,065.89)
Total	3,034.79	2,786.49

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.

Trade receivables are receivable in normal operating cycle and are shown net of an allowance for bad or doubtful debts.

Trade receivables stated above are charged on a first pari-passu basis between working capital consortium members led by Union Bank of India, State Bank of India and IDBI Bank Ltd.

NOTE 13: CASH AND CASH EQUIVALENTS

Particulars	March 31, 2020	March 31, 2019
Balances with banks		
- in current accounts	78.34	34.65
Fixed deposits with original maturity of less than three months	125.26	23.10
Cash on hand	20.18	15.71
Total	223.78	73.46

NOTE 14: OTHER BANK BALANCES

Particulars	March 31, 2020	March 31, 2019
Fixed deposits (having original maturity of more than three months but less than twelve months)	54.65	46.93
Total	54.65	46.93

NOTE 15: OTHER CURRENT ASSETS

Particulars	March 31, 2020	March 31, 2019
Advances other than Capital advances		
Unsecured, considered good:		
Prepaid Expenses	15.69	8.56
Advances and other recoverable	1,202.03	735.71
Recoverable from statutory and government authorities		
Unsecured, considered good:		
Electricity duty receivable	22.20	22.20
PSI incentive & export subsidy receivable	607.04	525.79
Milk incentive receivable	216.51	374.63
GST, VAT & Sales tax receivable	(7.67)	7.37
Interest Receivable	16.18	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Unsecured, considered doubtful		
Advances & other recoverables	21.18	19.08
Recoverable from statutory and government authorities	25.24	25.24
Less: Provision for doubtful advances	(46.42)	(44.32)
Grand Total	2,071.98	1,674.26

NOTE 16: EQUITY SHARE CAPITAL

Authorised equity share capital

Particulars	Number of shares (Nos.)	Face Value	Amount
As at April 1, 2018	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
As at March 31, 2019	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
As at March 31, 2020	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
As at April 1, 2018			
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 51)	50,985	10.00	0.51
As at March 31, 2019	8,39,38,567		839.39
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 1,76,015 share allotted to the Trust)	1,76,015	10.00	1.76
Net Issued, subscribed and fully paid up share capital	8,39,38,567	10.00	839.39
Add: Issued during the year by ESOP Trust to employees (refer note 51)	-	10.00	-
As at March 31, 2020	8,39,38,567	10.00	839.39

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

Particulars	March 31, 2020		March 31, 2019	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Mr. Devendra Prakash Shah	1,52,06,400	18.12%	1,50,06,400	17.88%
Mr. Pritam Prakash Shah	91,59,888	10.91%	91,59,888	10.91%
Mrs. Netra Pritam Shah	88,67,027	10.56%	88,67,027	10.56%
STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY P	61,28,938	7.30%	11,29,282	1.35%
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	50,42,534	6.01%	50,42,534	6.01%

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, 2019 176,015 nos) of equity shares issued to ESOP Trust.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Information on equity shares (Nos.) allotted without receipt of cash or allotted as bonus shares or shares bought back

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	31 March 2016
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 capitalization of securities premium and surplus balance.	-	-	-	-	4,21,35,038

NOTE 17: OTHER EQUITY

Particulars	March 31, 2020	March 31, 2019
Securities Premium Reserve	4,447.85	4,447.85
General Reserve	59.26	59.26
Retained Earnings	3,762.79	2,929.48
Employee Stock Options Outstanding	8.27	4.89
Other Comprehensive Income	(5.94)	(9.50)
Total	8,272.23	7,431.98

Movement in Reserves

Particulars	March 31, 2020	March 31, 2019
Securities Premium Reserve		
Opening Balance (net off Premium on 2,27,000 shares allotted to the ESOP Trust)	4,447.85	4,435.61
Add: Securities premium credited on share issued by Trust to employees	-	12.24
Closing Balance	4,447.85	4,447.85
General Reserves		
Opening Balance	59.26	51.56
Add: Transfer from Employee Stock Options Outstanding	-	7.70
Closing Balance	59.26	59.26
Retained earnings		
Opening Balance	2,929.48	1,798.35
Add: Profit after tax for the year	936.89	1,207.19
Less: IND AS 116 impact	(2.18)	-
Less: Dividends	(84.11)	(63.09)
Less: Dividend distribution tax	(17.29)	(12.97)
Closing Balance	3,762.79	2,929.48
Employee Stock Options Outstanding		
Opening Balance	4.89	7.70
Add: Deferred Employee Compensation Expense	3.38	4.89
Less: Transfer to General reserve	-	(7.70)
Closing Balance	8.27	4.89
Other Comprehensive Income		
Opening Balance	(9.50)	(10.47)
Add: Change during the year (net of tax)	3.56	0.97
Closing Balance	(5.94)	(9.50)
Closing balance	8,272.23	7,431.98

- 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

- (d) Retained earnings represents surplus/ accumulated earnings of the Group and are available for distribution to shareholders.
- (e) 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.

Distribution made and proposed to be made

Particulars	March 31, 2020	March 31, 2019
Cash dividends on equity shares declared and paid:		
Final dividend		
For the year ended on March 31, 2019: ₹ 1.00 per share (March 31, 2018: ₹ 0.75 per share)	84.11	63.09
Dividend Distribution Tax on final dividend	17.29	12.97
Proposed dividend on equity shares:		
Final equity dividend		
For the year ended on March 31, 2020: Re 0.50 per share (March 31, 2019: ₹ 1.00 per share)	42.06	84.11
Dividend Distribution Tax on proposed dividend	-	17.29

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31, 2020.

NOTE 18: BORROWINGS - NON-CURRENT

Particulars	March 31, 2020	March 31, 2019
Secured		
Term loans		
From banks		
Rupee currency loan	395.64	403.79
Foreign currency loan	361.40	498.31
Vehicle loan	25.83	2.68
From other parties		
Vehicle loan	0.89	0.47
	783.76	905.25
Less: Current maturity	(302.28)	(259.04)
Total	481.48	646.21

Indian rupee loans taken by the Holding Company from a bank of ₹ 395.64 Million (March 31, 2019: ₹ 403.79 Million) carry interest @ 9.30%-11.00%. The loans are repayable over 13-59 monthly instalments starting from July 2018, March 2019, 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 ₹ 361.40 Million (March 31, 2019: ₹ 498.31 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 ₹ 25.83 Million (March 31, 2019: ₹ 2.68 Million) carries interest @ 9.35% to 10.00 % 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 ₹ 0.89 Million (March 31, 2019: ₹ 0.47 Million) represents loan secured by hypothecation of equipments and vehicles. The loans are repayable over 36 - 60 instalments and carry interest in the range of 9.2% - 12.98%.

Average interest rate for the non-current borrowings is 8.12%



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 19: OTHER NON-CURRENT LIABILITIES

Particulars	March 31, 2020	March 31, 2019
Lease liability (Refer note no. 4A)	112.14	-
Total	112.14	-

NOTE 20: PROVISIONS - NON-CURRENT

Particulars	March 31, 2020	March 31, 2019
Provision for compensated absences (Refer note 40)	2.83	6.34
Provision for gratuity (net) (Refer note 40)	42.27	38.15
Total	45.10	44.49

NOTE 21: BORROWINGS - CURRENT

Particulars	March 31, 2020	March 31, 2019
Secured		
Loans repayable on demand		
From banks- Cash Credit	3,167.10	1,443.82
Unsecured		
From banks- Cash Credit	48.58	8.64
From director (refer Note 43)	-	45.00
Total	3,215.68	1,497.46

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 @ 9.50% p.a. to 11.00% p.a.

NOTE 22: TRADE PAYABLES - CURRENT (ALSO REFER NOTE 38B, 38,C)

Particulars	March 31, 2020	March 31, 2019
Due to micro and small enterprises (refer note 45)	25.41	23.63
Others	2,915.00	2,947.33
Total	2,940.41	2,970.96

NOTE 23: OTHER CURRENT FINANCIAL LIABILITIES

Particulars	March 31, 2020	March 31, 2019
Current maturities of long-term debt (refer note 19)	302.28	259.04
Interest accrued on borrowings	14.11	16.93
Deposits	211.83	228.68
Employee related Liabilities	88.21	100.83
Trade payable for Capital Goods other than payable to Micro and Small Enterprises	156.81	117.14
Directors remuneration payable (refer note 43)	2.77	2.93
Book Overdrawn Balance	0.11	0.11
Lease liability (Refer note no. 4A)	28.14	-
Total	804.26	725.66

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 24: OTHER CURRENT LIABILITIES

Particulars	March 31, 2020	March 31, 2019
Statutory dues payables	50.55	67.55
Advances from customers	1.24	8.11
Total	51.79	75.66

NOTE 25: PROVISIONS - CURRENT

Particulars	March 31, 2020	March 31, 2019
Provision for compensated absences (Refer note 40)	4.35	9.99
Provision for gratuity (net) (Refer note 40)	0.23	0.21
Total	4.58	10.20

NOTE 26: CURRENT TAX LIABILITIES (NET)

Particulars	March 31, 2020	March 31, 2019
Current Tax Liability Net of advance and TDS ₹ 105.01 Million (March 31, 2019: ₹ 138.87 Million)	79.87	178.35
Total	79.87	178.35

NOTE 27: REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	24,013.04	22,362.81
Other operating revenue	366.20	1,593.83
Total	24,379.24	23,956.64

NOTE 27: REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Note:		
Sale of products comprises:		
Sale of manufactured goods	22,011.34	20,561.95
Sale of traded goods	1,797.15	1,652.56
Sale of milk products	113.84	21.09
Sales of Cattle Feed	55.69	81.29
Sale of milk - Compost manure	35.02	45.92
Total	24,013.04	22,362.81
Other operating revenues comprise:		
Processing charges	71.60	337.43
Export benefits and incentives	9.61	182.09
PSI incentive	212.97	209.86
Milk incentive	63.22	856.10
Scrap sale	8.80	8.36
Total	366.20	1,593.84



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 28: OTHER INCOME

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income		
Bank deposits	13.73	20.09
Others	9.57	-
Interest income on security deposit	1.82	0.37
Foreign exchange fluctuation (Net)	(5.15)	8.47
Customer advances written back	5.58	-
Profit on sale of property, plant and equipments (net)	-	0.25
Fair valuation gain - investment	0.21	-
Fair value changes in Livestock	40.00	61.83
Miscellaneous income	10.23	11.62
Total	75.99	102.63

NOTE 29: COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw material consumed		
Inventory at the beginning of the year	138.37	31.33
Add: Purchases	16,060.35	13,360.56
Add: Purchase of fodder/ generation of raw manure	313.60	302.87
Less: Inventory at the end of the year	(103.74)	(138.36)
	16,408.58	13,556.40
Packing material, stores spares & consumables consumed		
Inventory at the beginning of the year	258.18	235.64
Add: Purchases	1,252.69	1,676.85
Less: Inventory at the end of the year	(249.52)	(258.19)
	1,261.35	1,654.30
Total	17,669.93	15,210.70

NOTE 30: PURCHASE OF STOCK IN TRADE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Milk products	2,220.30	1,482.79
Total	2,220.30	1,482.79

NOTE 31: CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year		
Finished goods	1,404.10	1,900.03
Work-in progress	2,828.14	2,212.34
Total	4,232.24	4,112.37
Inventories at the end of the year		
Finished goods	2,135.16	1,445.18
Work-in progress	3,840.44	2,787.06
Total	5,975.60	4,232.24
Changes in inventories of work-in-progress and finished goods	(1,743.36)	(119.87)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 32: EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	853.36	841.33
Contributions to provident and other funds (refer note 40)	42.21	41.78
Gratuity (refer note 40)	12.71	10.63
Staff welfare expenses	49.38	51.31
Expense on ESOS (refer note 51)	3.38	4.89
Total	961.04	949.94

NOTE 33: FINANCE COSTS

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on debts and borrowings	357.52	328.78
Other Borrowing Cost	23.52	29.10
Total	381.04	357.88

NOTE 34: DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment	497.72	483.17
Depreciation of Right of use (Refer note 4A)	19.24	-
Amortisation of intangible assets	19.45	18.68
Total	536.41	501.85

NOTE 35: OTHER EXPENSES

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Transport, octroi and freight	848.47	998.02
Power and fuel	358.02	334.18
Rent (refer note 44)	109.42	158.41
Rates and taxes	90.44	125.42
Insurance	12.17	23.10
Repairs to plant and equipments	70.91	60.60
Repairs to building	6.06	18.63
Repairs to others	10.63	12.98
Other factory expenses	193.81	170.40
labour charges	202.80	237.03
Office expense	44.45	41.71
Security charges	20.11	22.58
Travelling and conveyance	55.32	83.00
Legal and professional fees (refer note 43)	96.41	114.04
Director's remuneration	48.00	48.00
Auditor's remuneration #	5.13	4.58
Advertising and sales promotion	538.11	875.10
Commission on sales	38.47	79.50
Advnces written-off	-	66.52
Bad debts [adjusted with provision for bad debts ₹ NIL (March 31, 2019: ₹ 187.26 Million)]	-	187.26
Provision for doubtful debts (net)	96.79	250.93
Provision for doubtful advance (net)	2.10	27.10
Donations	0.65	0.62
CSR expenses (Refer Note 50)	10.78	12.42
Fair valuation loss - investment	-	0.75
Miscellaneous expenses	282.51	231.97
Hire charges	3.55	2.16
Loss on sale or death of livestock	15.21	11.11
Total	3,160.32	4,198.12



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Details of payments to auditors

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Payment to auditors		
Audit fee	5.11	4.56
Re-imburement of expenses	0.02	0.02
Total	5.13	4.58

NOTE 36: INCOME TAX

(a) The major components of recognised deferred tax assets/(liabilities) arising on account of temporary differences are as follows:

For the year ended March 31, 2020

Particulars	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2020
Deferred tax liabilities				
Property, plant and equipment & Intangible assets	294.76	56.80	-	351.56
Fair value of livestock	27.63	-	-	27.63
Others	10.62	1.10	-	11.72
Sub-Total	333.01	57.90	-	390.91
Deferred tax assets				
Expected credit loss on financial assets	389.64	34.29	-	423.93
IND AS 116	-	0.50	0.54	1.04
Expenses allowed on payment basis	18.93	0.36	(1.91)	17.38
Unabsorbed losses	12.04	(0.46)	-	11.58
Sub-Total	420.61	34.69	(1.37)	453.93
Minimum Alternate Tax (MAT) credit				
Recognised	79.09	(53.85)	-	25.24
Sub-Total	79.09	(53.85)	-	25.24
Net Deferred tax assets/(liabilities)	166.69	(77.06)	(1.37)	88.26

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
Deferred tax liabilities				
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
Sub-Total	360.10	(27.09)	-	333.01
Deferred tax assets				
Expected credit loss on financial assets	288.04	101.60	-	389.64
Expenses allowed on payment basis	17.25	2.21	(0.52)	18.94
Unabsorbed losses	18.26	(6.22)	-	12.04
Sub-Total	323.55	97.59	(0.52)	420.62
Minimum Alternate Tax (MAT) credit				
Recognised	111.77	(32.68)	-	79.09
Sub-Total	111.77	(32.68)	-	79.09
Net Deferred tax assets/(liabilities)	75.22	92.00	(0.52)	166.70

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

(c) Income tax expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax		
Current tax on profits for the year	297.87	383.23
Adjustments for current tax of prior periods	(42.26)	(20.56)
Total	255.61	362.67
Deferred tax		
Deferred tax charge/(credit)	23.21	(124.68)
MAT Credit entitlement	53.85	32.68
Total	77.06	(92.00)
Income tax expense	332.67	270.67

(d) Reconciliation of effective tax rate:

Particulars	2019-2020	2018-2019
Profit before income tax expense	1,269.56	1,477.86
Indian statutory income tax rate	34.61%	34.61%
Expected income tax expense	439.37	511.46
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of non deductible expenses	53.76	15.89
Effect of tax exempt income (exemption under section 80IB)	(168.32)	(146.63)
Effect of tax adjustment in respect of earlier years	(42.26)	(20.56)
Effect of deferred tax in respect of earlier years	0.57	(31.00)
Effect of change in tax rate	-	(0.04)
Others	49.55	(58.45)
Income tax expense	332.67	270.67
Effective tax rate	26.20%	18.31%

(e) Amounts recognised in Other comprehensive income

Particulars	2019-2020			2018-2019		
	Before tax	Tax exp. (benefit)	Net of tax	Before tax	Tax exp. (benefit)	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	5.47	(1.91)	3.56	1.49	(0.52)	0.97

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.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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.

Financial Assets and Liabilities	Carrying value		Measurement	Fair value hierarchy		Fair Value	
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial Assets							
Investments - mutual fund	5.50	4.28	Fair Value through Profit and Loss	Level 1	Level 1	5.50	4.28
Investments - Others	0.02	1.02	Fair Value through Profit and Loss	Level 3	Level 3	0.02	1.02
Loans	4.32	3.51	Amortised cost	Level 3	Level 3	4.32	3.51
Other Financial Assets (non current)	121.08	129.98	Amortised cost	Level 3	Level 3	121.08	129.98
Trade receivable	3,034.79	2,786.49	Amortised cost	Level 3	Level 3	3,034.79	2,786.49
Cash and Cash equivalents	223.78	73.46	Amortised cost	Level 3	Level 3	223.78	73.46
Other Bank Balance	54.65	46.93	Amortised cost	Level 3	Level 3	54.65	46.93
Total	3,444.14	3,045.67				3,444.14	3,045.67
Financial Liabilities							
Borrowings - non-current	481.48	646.21	Amortised cost	Level 3	Level 3	481.48	646.21
Borrowings - current	3,215.68	1,497.46	Amortised cost	Level 3	Level 3	3,215.68	1,497.46
Trade Payables	2,940.41	2,970.96	Amortised cost	Level 3	Level 3	2,940.41	2,970.96
Other Financial Liabilities (non current)	804.26	725.66	Amortised cost	Level 3	Level 3	804.26	725.66
Total	7,441.83	5,840.29				7,441.83	5,840.29

NOTE 38: FINANCIAL RISK MANAGEMENT

Risk management framework

The Group has in place a mechanism to inform the Board about the risk assessment and minimization 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 minimize potential adverse effects on its financial performance.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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, 2020	March 31, 2019
Outstanding for a period not exceeding six months	2,946.26	2,531.84
Outstanding for a period exceeding six months	1,251.21	1,320.53
Gross trade receivables	4,197.47	3,852.37
Less: Provision for doubtful debts	(1,162.68)	(1,065.89)
Net trade receivables	3,034.79	2,786.49

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, 2018	814.96
Less: Utilised during the year	-
Add: Provision during the year	250.93
Balance as at March 31, 2019	1,065.89
Less: Utilised during the year	-
Add: Provision during the year	96.79
Balance as at March 31, 2020	1,162.68

(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.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Contractual maturities of financial liabilities March 31, 2020	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including current maturity and interest)	783.76	350.50	332.78	173.57	856.85
Borrowings - current	3,215.68	3,215.68	-	-	3,215.68
Trade payables	2,940.41	2,940.41	-	-	2,940.41
Other financial liabilities (Excluding current maturity of non-current borrowing)	501.98	501.98	-	-	501.98
Total	7,441.83	7,008.57	332.78	173.57	7,514.92

Contractual maturities of financial liabilities March 31, 2019	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including current maturity)	905.25	284.94	294.49	417.52	996.95
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 (Excluding current maturity of non-current borrowing)	466.62	466.62	-	-	466.62
Total	5,840.29	5,219.98	294.49	417.52	5,931.99

(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.

(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, 2020.

(a) The group unhedged exposure to foreign currency risk are as follows

Sr no	Particulars	Currency	March 31, 2020		March 31, 2019	
			INR	Foreign currency	INR	Foreign currency
A	Financial assets					
(i)	Trade receivables	USD	11.17	0.15	16.11	0.23
B	Financial liabilities					
(i)	Foreign currency loan					
	Bank loan	USD	361.40	4.79	498.31	7.20
	Interest Payable	USD	6.11	0.08	9.10	0.12
(ii)	Trade payables	USD	8.74	0.12	0.07	0.01
		EURO	39.11	0.47	10.77	0.14
		AUD	1.50	0.03	0.16	0.01
		CHF	0.06	0.00	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

(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)
Mar-20				
Effect in INR				
1 % movement				
USD	3.65	(3.65)	3.65	(3.65)
EUR	0.39	(0.39)	0.39	(0.39)
AUD	0.01	(0.01)	0.01	(0.01)
GBP	0.00	(0.00)	0.00	(0.00)
Mar-19				
Effect in INR				
1 % movement				
USD	4.91	(4.91)	4.91	(4.91)
EUR	(0.38)	0.38	(0.38)	0.38
AUD	0.00	(0.00)	0.00	(0.00)
GBP	(0.00)	0.00	(0.00)	0.00

(i) **Cash flow and fair value interest rate risk**

Interest rate risk is the risk that the fair value or future cashflows 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.

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, 2020	March 31, 2019
Variable rate borrowings	3,923.25	2,353.67
Fixed rate borrowings	27.61	4.04
Interest free	-	45.00
Total borrowings	3,950.86	2,402.71

(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, 2020	March 31, 2019
Interest rates - increase by 100 basis points *	(39.23)	(23.45)
Interest rates - decrease by 100 basis points *	39.23	23.45

* Holding all other variables constant



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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, 2020 was as follows.

Particulars	March 31, 2020	March 31, 2019
Borrowings		
Long term and Short term borrowings	3,697.16	2,143.67
Current maturities of Long term borrowings	302.28	259.04
Less: cash and cash equivalents	(278.43)	(120.39)
Adjusted net debt	3,721.01	2,282.32
Total Equity	9,111.62	8,271.37
Adjusted net equity	9,111.62	8,271.37
Adjusted net debt to adjusted equity ratio	0.41	0.28

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.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

These plans typically expose the Group to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk.

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, 2020	For the year ended March 31, 2019
I Expenses recognised in statement of profit and loss during the year:		
Current Service Cost	10.37	8.50
Past Service Cost	-	-
Interest cost on benefit obligation	(1.33)	(1.21)
Expected return on plan assets	3.66	3.34
Total Expenses	12.71	10.63
II Expenses recognised in OCI		
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	0.10	0.82
Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO	2.16	-
Actuarial (Gain)/ Losses due to Experience on DBO	(8.05)	(2.62)
Return on Plan Assets (Greater) / Less than Discount rate	0.32	0.31
Total Expenses	(5.47)	(1.49)
III Net Asset /(Liability) recognised as at balance sheet date:		
Present value of defined benefit obligation	(64.64)	(58.39)
Fair Value of Plan Assets	22.14	20.04
Funded status [Surplus/(Deficit)]	(42.50)	(38.35)
IV Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	55.41	48.50
Current Service Cost	9.92	8.16
Past service cost	-	-
Interest Cost	3.56	3.25
Actuarial (Gain)/Loss	(5.99)	(1.92)
Benefits paid	(2.04)	(2.59)
Present value of defined benefit obligation at the end of the year	60.86	55.40
V Movements in fair value of the plan assets		
Opening fair value of plan assets	20.04	17.36
Expected returns on Plan Assets	1.44	1.31
Actuarial (Gain)/Loss on Plan assets	(0.36)	(0.31)
Contribution from Employer	2.99	3.99
Benefits paid	(1.98)	(2.31)
Closing fair value of the plan asset	22.13	20.04



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Defined benefit plans	For the year ended March 31, 2020	For the year ended March 31, 2019
VI Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	12.37	11.48
Between 1 to 5 years	33.43	30.26
Between 6 to 10 years	23.95	23.97
Over 10 years	-	-
VII Quantitative sensitivity analysis for significant assumptions is as below:		
1 Increase/(decrease) on present value of defined benefit obligation at the end of the year		
(i) +100 basis points increase in discount rate	1.72	1.35
(i) -100 basis points decrease in discount rate	(1.98)	(1.55)
(iii) +100 basis points increase in rate of salary increase	2.08	1.65
(iv) -100 basis points decrease in rate of salary increase	(1.81)	(1.45)

2 Sensitivity analysis method

Sensitivity analysis 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, 2020	As at March 31, 2019
1. Discount rate	6.40%-6.51%	7.15%-7.30%
2. Expected return on assets	6.40%	7.15%
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 (2012-14) 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 ₹ 12.13 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 6.52 years.

B Defined contribution plan

The Group has recognised an amount of ₹ 42.21 Million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Benefit/Contribution to	As at March 31, 2020	As at March 31, 2019
Provident Fund	35.05	34.87
National Pension Scheme	0.98	0.79
Employees State Insurance	6.16	6.10
Labour Welfare Fund	0.03	0.03
Total	42.21	41.78

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(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 31st March, 2020 based on actuarial valuation carried out by using Projected Unit Credit method resulted in increase in liability by ₹ 9.15 Million (Previous Year- increased by ₹ 0.61 Million).

Financial Assumptions	As at March 31, 2020	As at March 31, 2019
Discount Rate	6.40% - 6.51%	7.15% - 7.30%
Basic salary increases allowing for Price inflation	6.00% - 7.00%	6.00% - 7.00%

Demographic Assumptions	As at March 31, 2020	As at March 31, 2019
Mortality	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Employee Turnover	12% - 14%	12% - 14%
Leave Availment Ratio	15% for first two years	15% for first two years

NOTE 41: GOVERNMENT GRANTS

In accordance with Ind AS 20- "Accounting for Government Grants and disclosure of Government assistance", Group has accounted for Industrial Promotion Subsidy under Package Scheme of Incentives, 2013 amounting to ₹ 212.97 Million (March 31, 2019: ₹ 209.86 Million) as Other Operating Income in Statement of Profit and Loss.

Group has also accounted for Milk subsidy amounting to ₹ 63.22 Million (March 31, 2019: 856.10 Million) and export subsidy amounting to ₹ 9.61 Million (March 31, 2019: ₹ 182.09 Million) as Other Operating Income in Statement of Profit and Loss.

NOTE 42: CONTINGENT LIABILITIES

Sr no	Particulars	As at March 31, 2020	As at March 31, 2019
a)	Guarantees given by banks on behalf of the Group	-	1.50
b)	Sales tax matter under litigation in respect of Company for FY.2006-07, FY 2009-10 and F.Y. 2010-11 for pending F forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	58.70	72.88
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)	Goods and Service Tax matter under litigation in respect of Company for FY 2019-20	7.85	-
e)	Sales Tax matter under litigation in respect of Company for FY 2017-19 for pending forms	1.12	-
f)	Income tax matter under litigation for the AY 2013-14 to AY 2019-20	12.30	71.49
g)	Income tax matter under litigation of the subsidiary company	-	0.47
h)	Corporate Guarantee given by the Company for Loan taken by suppliers from Bank	200.00	200.00

- The Group 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 Group 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 year.
- 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.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 43: COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period (net of capital advance March 31, 2020: ₹ 234.52 Million and March 31, 2019: ₹ 219.22 Million) amounting ₹ 378.50 Million (March 31, 2019: ₹ 264.84 Million) but not recognised as liabilities.

Other commitments

For commitments in respect of non-cancellable leases refer Note 45

NOTE 44: 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. Venkat Shankar - CEO (w.e.f. July 4, 2019)
	Mr. Shashikant Dalmia - CFO (w.e.f. Aug 2, 2019)
	Mr. Vimal Agarwal - CFO (till July 19, 2019)
	Mrs. Rachana Sanganeria - CS
	Mr. Nitin R. Dhavalikar - Director
	Mrs. 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, 2020:

Particulars	March 31, 2020	March 31, 2019
Purchase of Goods		
Bharat Trading Company	-	10.29
Remuneration to Key Management Personnel and their relatives *		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Venkat Shankar	14.92	-
Vimal Agarwal	5.69	11.99
Shashikant Dalmia	4.60	-
Rachana Sanganeria	2.05	-
Akshali Shah	3.48	3.28
Poojan Shah	0.56	0.33
Netra Shah	0.56	0.28
Rent Payment		
Devendra Shah	3.37	3.39
Pritam Shah	0.43	0.45
Priti Shah	0.37	0.39

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	March 31, 2020	March 31, 2019
Netra Shah	0.37	0.39
Consultancy fee including out of pocket expenses		
B.M. Vyas	8.40	8.40
SBM Advisors LLP	0.91	2.61
Reimbursement of expenses KMP		
Devendra Shah	-	0.90
Director sitting fees		
Nitin R. Dhavalikar	1.10	1.10
Radhika Pereira	0.70	0.60
Narendra Ambwani	0.80	0.70
Ramesh Chandak	1.10	0.50
Loan taken from		
Devendra Shah	-	45.00
Pritam Shah	-	18.50
Loan repaid to (Net)		
Devendra Shah	45.00	-
Pritam Shah	-	18.50

* 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, 2020 for related party transactions

Particulars	As at March 31, 2020	As at March 31, 2019
Amount Payable to		
Devendra Shah	1.64	46.73
Pritam Shah	1.26	1.34
Venkat Shankar	3.56	-
Shashikant Dalmia	1.03	-
Vimal Agarwal	-	0.82
Rachana Sanganerla	0.20	-
Bharat Trading Company	-	1.19
B.M. Vyas	0.75	0.75
Akshali Shah	0.29	0.29
Poojan Shah	0.05	0.05
Netra Shah	1.14	0.77
Priti Shah	0.49	0.26
SBM Advisors LLP	-	0.24
Parag Shah	0.26	0.26
Personal guarantee issued by		
Devendra Shah, Pritam Shah, Prakash Shah, Netra Shah and Priti Shah	5,779.70	4,813.00

NOTE 45: 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 ₹ 109.42 Million (March 31, 2019: ₹ 158.41 Million).

Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Lease rentals due		
Not later than one year	28.13	14.02
Later than one year and not later than five years	112.14	4.90
Later than five years	-	-

NOTE 46: DISCLOSURE UNDER MICRO, SMALL, AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

Particulars	2019-2020	2018-2019
a) Principal amount due to suppliers under MSMED Act, 2006	17.86	19.00
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	1.95	0.48
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	37.73	72.26
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	0.97	3.17
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	7.55	4.64

Note: The above information is given to the extent available with the Group and relied upon by the auditor.

NOTE 47: EARNINGS PER SHARE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(Loss) attributable to Equity shareholders (A) (₹)	937	1,207
Weighted average number of Equity shares (Nos) for basic EPS (B)	8,39,38,567	8,39,18,463
Effect of Dilution:		
Weighted average number of Treasury shares held through ESOP Trust	1,76,015	1,76,015
Weighted average number of Equity shares (Nos) adjusted for the effect of dilution (C)	8,41,14,582	8,40,94,478
Basic EPS (Amount in ₹) (A/B) (₹)	11.16	14.39
Diluted EPS*(Amount in ₹) (A/C) (₹)	11.14	14.36

Basic: Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Group 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 Group.

NOTE 48: 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:

(a) Revenue from operations

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Within India	23,996.04	23,210.82
Outside India	383.20	745.82
Total	24,379.24	23,956.64

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

(b) Non-current operating assets

All non-current assets other than financial instruments, deferred tax assets of the group are located in India

- (c) 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 49: 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 recognized 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.

Particulars	Headcount	
	Year Ended March 31, 2020 (Heads)	Year Ended March 31, 2019 (Heads)
Immature cows	896	767
Mature cows	1,132	1,125
Other cows	229	274
Total	2,257	2,166
Total milk production (In Ltrs)	78,19,877	77,28,749

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 Group is of the view that there is no available derivative or other contracts which the Group can enter into to manage the risk of a decline in the price of the raw milk.

B FAIR VALUE MEASUREMENTS

Fair Value Hierchy

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019	Fair Value Hierchy
Livestock (Cow)	359.72	337.62	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"> Estimated feeding cost/ milking cow Estimated milk yield/ milking cow Estimated weighted average selling price of milk / Litre Discount rate 	<ul style="list-style-type: none"> Estimated feeding cost/ milking cow increase by 1% would reduce the fair valuation by ₹ 23.93 Mn and ₹ 13.16 Mn as of March 31, 2020 and 2019. Estimated milk yield/ milking cow increase by 1% would increase the fair valuation by ₹ 13.97 Mn and ₹ 11.98 Mn as of March 31, 2020 and 2019. Estimated weighted average selling price of milk / Litre increase by ₹ 1/ litre would increase the fair valuation by ₹ 21.09 Mn and ₹ 19.48 Mn as of March 31, 2020 and 2019. Discount rate increase by 1% would reduce the fair valuation by ₹ 12.73 Mn and ₹ 9.07 Mn as of March 31, 2020 and 2019.



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

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.

NOTE 50: DISCLOSURE ON CSR EXPENSES

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
a) Gross amount required to be spent by the Group during the period.	25.66	13.26
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In Cash	10.78	12.42
Yet To be Paid in Cash	14.88	0.84

NOTE 51: 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 Holding Company has in its Board Meeting dated November 01, 2018 approved the grant of 166,015 options to the eligible employees of the Holding 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 ESOS2015 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 renaming 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 years
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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

The details of activity under ESOS 2015 are summarized below:

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	1,66,015	258.90	1,26,927	250.00
Granted during the year	-	-	1,66,015	258.90
Forfeited/lapsed during the year	50,250	258.90	75,942	250.00
Exercised during the year	-	-	50,985	250.00
Outstanding at the end of the year:	1,15,765	258.90	1,66,015	258.90
of which Options vested and exercisable at the end of the year	-	-	-	-

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Dividend yield (%)		
Expected volatility	34.95%	34.95%
Risk-free interest rate	7.40%	7.40%
Weighted average share price	258.90	258.90
Exercise price (₹)	258.90	258.90
Expected life of options granted in years	2	2
Life of option remaining in months	7	19

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, 2020	Year Ended March 31, 2019
Employee option Plans	3.38	4.89

NOTE 52: STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND NON CONTROLLING INTEREST

Particulars	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
Holding								
Parag Milk Foods Ltd	99.44%	9,060.92	96.74%	906.38	101.40%	3.61	96.76%	909.99
Sub-total	99.44%	9,060.92	96.74%	906.38	101.40%	3.61	96.76%	909.99
Subsidiary (Indian)								
Bhagyalaxmi Dairy Farm Private Limited	0.56%	50.70	3.26%	30.51	(1.40)%	(0.05)	3.24%	30.46
Sub-total	0.56%	50.70	3.26%	30.51	(1.40)%	(0.05)	3.24%	30.46
Total	100.00%	9,111.62	100.00%	936.89	100.00%	3.56	100.00%	940.45
Consolidated Net Assets/ Loss after tax		9,111.62		936.89		3.56		940.45



Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(All amounts are in ₹ million unless otherwise stated)

NOTE 53:

IND AS 115

Effective April 1, 2019, the Group adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the Right Of Use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in the recognition of ROU asset of ₹ 156.41 Million and a lease liability of ₹ 159.76 Million. The cumulative effect of applying the standard, amounting to ₹ 2.18 Million, was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116, Leases resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

NOTE 54:

Based on its initial assessment, the Management does not expect any significant impact on the business of the Group due to the COVID-19 pandemic. The Group has evaluated the possible effects of COVID-19 on the carrying amounts of property, plant and equipment, inventory and trade receivables basis the internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to the above, and the Group's operating efficiency and gradually improving liquidity position, there is no material uncertainty in meeting the financial obligations over the foreseeable future.

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

Place: Mumbai
Date: June 29, 2020

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Shashikant Dalmia
Chief Financial Officer

Place: Manchar
Date: June 29, 2020

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sanganeria
Company Secretary & Compliance Officer





Ideas for a new day

**FOCUSED ON ESSENTIALS.
OPTIMISED TO GROW.**



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

Notice of Annual General Meeting

NOTICE is hereby given that the **Twenty Eighth Annual General Meeting ("AGM")** of the Members of **Parag Milk Foods Limited** (the "Company") will be held on **Tuesday, September 29, 2020 at 4.30 P.M.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") 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, 2020, 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 ₹0.50/- per equity share for the financial year ended March 31, 2020.
3. To appoint a Director in place of Mr. Bharatkumar Mahendrabhai Vyas (DIN: 00043804), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider appointment of M/s. Sharp & Tannan (Firm Registration No.109982W), Chartered Accountants as the Statutory Auditors of the Company and to fix their remuneration.

"**RESOLVED** that pursuant to the provisions of Sections 139, 142 of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactments thereof for the time being in force), M/s. Sharp & Tannan (Firm Registration No.109982W), be appointed as Statutory Auditors of the Company (in place of M/s. Haribhakti & Co. LLP, (Firm Registration No. 103523W/W100048) Chartered Accountants, the retiring Auditors) for a term of five years to hold office from the conclusion of this 28th Annual General Meeting of the Company till the conclusion of the 33rd Annual General Meeting of the Company to be held in the year 2025, on such remuneration plus applicable taxes

and out-of-pocket expenses, as may be mutually agreed upon by the audit committee/Board of Directors and the Statutory Auditors.

RESOLVED FURTHER that the Board of Directors of the Company and / or, Company Secretary be and are hereby severally authorized to do all such acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

SPECIAL BUSINESS:

5. Ratification of Remuneration to Cost Auditors

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, 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 to conduct audit of cost records of the Company for the financial year ending March 31, 2021, be and is hereby ratified.

RESOLVED FURTHER that the Board of Directors of the Company (including any Committee thereof) and/or Company Secretary of the Company, 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."

6. Re-appointment of Mr. Ramesh Chandak 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 June 29, 2020 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) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Mr. Ramesh Chandak (DIN: 00026581), an Independent Director of the Company whose term of office as an Independent Director expires on June 23, 2021 and who has submitted a declaration confirming 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. Ramesh Chandak 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 June 24, 2021 upto June 23, 2026.

RESOLVED FURTHER that pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended approval of the Members of the Company be and is hereby granted to the continuation of the appointment of Mr. Ramesh Chandak as the Independent Director of the Company for the second term of 5(five) years, not liable to retirement by rotation, until June 23, 2026, notwithstanding that Mr. Ramesh Chandak will be attaining the age of 75 years during the tenure of his directorship till June 23, 2026.

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, 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. Approval for payment of remuneration to Mr. B.M. Vyas (DIN: 00043804), Non-Executive Director, exceeding fifty percent of the total remuneration payable to all Non-Executive Directors.

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

“**RESOLVED** that pursuant to the recommendations of the Nomination & Remuneration Committee & Board of Directors and pursuant to the provisions of Sections 196, 197, and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment(s) there to or re-enactment(s) thereof for the time being in force) and pursuant to Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other approval(s)/ permission(s), if any as may be required, the approval of the Members of the Company be and is hereby accorded for payment of annual consultancy fees of ₹84,00,000 (Rupees Eighty Four Lakh Only) to Mr. B.M. Vyas (DIN:00043804), Non-executive director for financial year 2020-2021 towards professional services rendered by him which may exceed fifty percent of the total remuneration payable to all Non-Executive Directors of the Company for the said financial year.

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

By order of the Board of Directors
For Parag Milk Foods Limited

Rachana Sanganeria
Company Secretary & Compliance Officer
ACS No. 10280

Place: Mumbai
Date: September 07, 2020

Registered Office Address:
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. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 14/2020 dated April 08, 2020 and General Circular No. 17/2020 dated April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting (AGM or the Meeting) through VC/OAVM, without the physical presence of the Shareholders at a common venue.
2. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 read with the said Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 28th AGM of the Company is being held through VC / OAVM. The detailed procedure for participating in the meeting through VC/OAVM is annexed herewith and also available at the Company's website i.e., www.paragmilkfoods.com.
3. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM and vote on its behalf, to the Scrutinizer by e-mail to bhaskar@nlba.in with a copy marked to evoting@nsdl.co.in.
5. A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

6. In accordance with, the General Circular No. 20/2020 dated May 05, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
7. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Share Transfer Agent, KFin

Technologies Private Limited at einward.ris@kfintech.com. Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants.

8. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at www.paragmilkfoods.com, on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of NSDL at www.evoting.nsdl.com.
9. Details of the Director(s) pursuant to Regulations 26(4) and 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meetings in respect of Directors seeking appointment / re-appointment of Directorship at this AGM are appended to this Notice.
10. In terms of Section 152 of the Act, Mr. B.M.Vyas is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
11. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by remote e-voting facility by first holder.

DIVIDEND RELATED INFORMATION

12. Subject to approval of the Members at the AGM, the dividend will be paid within a week from the conclusion of the AGM, to the Members whose names appear on the Company's Register of Members as on the Record Date, and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
13. Payment of dividend shall be made through electronic mode to the Shareholders who have updated their bank account details. Dividend warrants / demand drafts will be despatched to the registered address of the shareholders who have not updated their bank account details, after normalisation of the postal service.
14. Shareholders are requested to register / update their complete bank details:
 - (a) with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and
 - (b) If shares are held in physical mode, by submitting to einward.ris@kfintech.com (i) scanned copy of the signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number, Bank

and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf. In case shares are held in dematerialised mode, details in a form prescribed by your Depository Participant may also be required to be furnished.

15. The Company has fixed Tuesday, September 22, 2020 as the "Record Date" for determining entitlement of Members to dividend for the financial year ended March 31, 2020.

16. Pursuant to Section 91 of the Act, Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, September 23, 2020 to Tuesday, September 29, 2020**, (both days inclusive) for the purpose of the AGM and payment of dividend for the Financial Year 2019-2020.

17. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants.

18. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 01, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company / KFin (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

a) For Resident Shareholders, TDS shall be deducted under Section 194 of the Income Tax Act, 1961 at 7.5% on the amount of Dividend declared and paid by the Company during financial year 2020-21 provided PAN is registered by the Shareholder. If PAN is not registered, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

However, no tax shall be deducted on the Dividend payable to a resident individual if the total dividend to be received by them during financial year 2020-21 **does not exceed ₹5,000**. Please note that this includes the future dividends if any which may be declared by the Board in the financial year 2020-21.

Separately, in cases where the shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an individual above the

age of 60 years), provided that the eligibility conditions are being met, no TDS shall be deducted. Blank Form 15G and 15H can also be downloaded from the link <https://ris.kfintech.com/form15> or from the website of the Company viz., www.paragmilkfoods.com.

b) In order to provide exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:

- **Insurance companies:** A declaration that they are beneficial owners of shares held.
- **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested).
- **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of registration documents (self-attested) should be provided.

c) For Non-resident Shareholders, taxes are required to be withheld in accordance with, the provisions of Section 195 of the Income Tax Act, 1961 at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to them. However, as per Section 90 of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- i. Self-attested copy of Permanent Account Number (PAN Card), if any, allotted by the Indian income tax authorities;
- ii. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident;
- iii. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- iv. Self-declaration by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable Tax Treaty;
- v. Self-declaration of beneficial ownership by the non-resident shareholder.

The documents referred to in point nos. (iii) to (v) can be downloaded from the link <https://ris.kfintech.com/form15> or from the Company's website viz. www.paragmilkfoods.com.

- vi. Self-declaration, certifying the following points:
- i. Member is and will continue to remain a tax resident of the country of its residence during the financial year 2020-21;
 - ii. Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
 - iii. Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
 - iv. Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and
 - vi. Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-21.

19. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.

Notwithstanding the above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the Income Tax Act, 1961. Such TDS rate shall not be reduced on account of the application of the Lower DTAA rate, if any.

Therefore Dividend will be paid after deducting the tax at source as under:

- NIL for resident shareholders receiving dividend upto ₹5000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN is submitted.
- 7.5% for resident shareholders in case PAN is provided/available.
- 20% for resident shareholders, if PAN is not provided / not available.
- Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted.
- Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Income Tax Act, 1961.

20. Kindly note that the aforementioned documents should be uploaded with KFin Technologies Private Limited, the Registrar and Transfer Agent ("KFin") at <https://ris.kfintech.com/form15>. You can also email the same to einward.ris@kfintech.com. No communication

on the tax determination / deduction shall be entertained after 5.00 p.m., September 21, 2020.

21. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

22. Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-voting system. Members may access the same at <https://www.evoting.nsdl.com> under Shareholders / Members login by using the remote e-voting credentials. The link for VC / OAVM will be available in Members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.

23. For convenience of the Members and proper conduct of AGM, Members can login and join at least 15 (Fifteen) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM. The facility of participation at the EGM/AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.

24. Members are encouraged to join the Meeting through Laptops for better experience.

25. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

26. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

27. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

28. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, PAN, mobile number at cs@paragmilkfoods.com. Questions / queries received by the Company from 9.00 a.m. on Wednesday, September 23, 2020 till 5.00 p.m. on Friday, September 25, 2020 shall only be considered and responded during the AGM.
29. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by visiting the link <https://www.evoting.nsdl.com> or email at cs@paragmilkfoods.com between 9.00 a.m. on Wednesday, September 23, 2020 and 5.00 p.m. on Friday, September 25, 2020.
30. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:

31. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Secretarial Standard on General Meetings issued by the Institute of Companies Secretaries of India and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is pleased to provide the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
32. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Tuesday, September 22, 2020, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
33. Members may cast their votes on electronic voting system from any place (remote e-voting). The remote e-voting period will commence at 9.00 a.m. on Saturday, September 26, 2020 and will end at 5.00 p.m. on Monday, September 28, 2020. In addition, the facility for voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be

eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>.

34. The details of the process and manner for remote e-voting are explained herein below:

The way to vote electronically on NSDL e-voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

How to Log-in to NSDL e-voting website?

- Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.

(d) Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example: if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example: if your Beneficiary ID is 12***** then your User ID is 12*****

(e) Your password details are given below:

- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password'

which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

iii. How to retrieve your 'initial password'?

- If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.

- If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

- (f) If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:
- i. Click on '**Forgot User Details/Password?**' (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
 - ii. **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - iii. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL
- (g) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- (h) Now, you will have to click on "Login" button.
- (i) After you click on the "Login" button, Home page of e-voting will open.

Step 2: Cast your vote electronically on NSDL e-voting system.

How to cast your vote electronically on NSDL e-voting system?

- (a) After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
- (b) After click on Active Voting Cycles, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle is in active status.

- (c) Select 'EVEN' of Company for which you wish to cast your vote.
- (d) Now you are ready for e-voting as the voting page opens.
- (e) Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
- (f) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (g) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (h) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

The instructions for Members for e-voting on the day of the AGM are as under:

- (a) The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- (b) Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
- (c) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

GENERAL INFORMATION:

35. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bhaskar@nlb.in with a copy marked to evoting@nsdl.co.in.
36. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the '**Forgot User Details/Password?**' or '**Physical User Reset Password?**' option available on www.evoting.nsd.com to reset the password.
37. **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:**
 1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN

(self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to investors@paragmilkfoods.com.

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID+CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to investors@paragmilkfoods.com.

38. The voting rights shall be as per the number of equity shares held by the Member(s) as on Tuesday, September 22, 2020, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.
39. The Company has appointed Mr. Bhaskar Upadhyay from N.L.Bhatia & Associates, Practising Company Secretaries (FCS 8663 and CP No.9625), to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner.
40. The results of the electronic voting shall be declared to the Stock Exchanges within 48 hours after the conclusion of AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company at www.paragmilkfoods.com.
41. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Amit Vishal, Senior Manager, NSDL at the designated e-mail "evoting@nsdl.co.in" "Amitv@nsdl.co.in" or at telephone number 022 - 24994360.

PROCEDURE FOR INSPECTION OF DOCUMENTS:

42. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All the documents referred to in the accompanying Notice and Explanatory Statement, shall be available for inspection through electronic mode without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to cs@paragmilkfoods.com.

OTHER INFORMATION

43. To prevent fraudulent transactions, members are advised to exercise due diligence and notify any change in information to Registrar and Share Transfer Agent or Company as soon as possible. Members are also advised not to leave their

Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

44. Members who hold shares under more than one folio in name(s) in the same order, are requested to send the relative Share Certificate(s) to the Company's Registrar and Transfer Agent for consolidating the holdings into one account. The Share Certificate(s) will be returned after consolidation.
45. Members holding shares in dematerialised form may please note that, while opening a depository account with Participants they may have given their bank account details, which will be printed on their dividend warrants.

However, if Members want to change/correct the bank account details, they should send the same immediately to the Depository Participant concerned. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for cancellation/change in the bank account details furnished by Depository Participants to the Company.

46. The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to KFin / Investor Services Department of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque through email at Investors@paragmilkfoods.com. The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.
47. Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling form SH-13. Members holding shares in the dematerialized form may contact their Depository Participant for recording the nomination in respect of their holdings.
48. Pursuant to provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is maintaining an E-mail ID: investors@paragmilkfoods.com exclusively for quick redressal of members/ investors grievances.

49. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate

all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

By order of the Board of Directors
For Parag Milk Foods Limited

Rachana Sangneria
Company Secretary & Compliance Officer
ACS No. 10280

Place: Mumbai
Date: September 07, 2020

Registered Office Address:
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”)

Annexed to the Notice convening the 28th Annual General Meeting to be held on September 29, 2020.

Item No. 4: Appointment of M/s. Sharp & Tannan (Firm Registration No: 109982W), Chartered Accountants as the Statutory Auditors of the Company and to fix their Remuneration.

Pursuant to Section 139 of the Companies Act, 2013 and the rules made thereunder, the Statutory Auditors are required to retire mandatorily on completion of tenure.

Consequent to enactment of Companies Act, 2013, the Members of the Company at the 23rd Annual General Meeting ('AGM') held on June 26, 2015 approved the appointment of M/s. Haribhakti & Co. LLP, (Firm Registration No. 103523W/W100048) Chartered Accountants, as the Statutory Auditors of the Company for a second term of five consecutive years from the conclusion of the said AGM. M/s. Haribhakti & Co. LLP will complete their present term on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the appointment of M/s. Sharp & Tannan, Chartered Accountants, as the Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the 33rd AGM to be held in the financial year 2025, on remuneration as decided mutually, as set out in the Resolution relating to their appointment.

The Committee considered various parameters like capability to serve a diverse and complex business landscape as that of

the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s. Sharp & Tannan to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

M/s. Sharp & Tannan is established in the year 1932 headquartered in Mumbai, having Pan India coverage, has been rated as 9th Ranked assurance Firm of India. As on March 31, 2020, M/s. Sharp & Tannan has 20+ partners and equivalents and more than 450 employees, ₹900+ billion topline audited.

M/s. Sharp & Tannan have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution.

The Board recommends this Resolution for your approval.

Item No. 5: Ratification of Cost Auditors Remuneration.

The Board in its Meeting held on June 29, 2020 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 2020-2021 at a remuneration of ₹90,000 per annum (Rupees Ninety Thousand Only) plus Goods and Service tax as applicable and reimbursement of out of pocket expenses, 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. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending March 31, 2021, for the aforesaid services to be rendered by them.

The Board recommends resolution set forth in Item No. 5 for the approval of the Members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives, are in any way concerned or interested financially or otherwise in passing the Resolution set out at Item No. 5 of the Notice.

Item No. 6: Re-Appointment of Mr. Ramesh Chandak as an Independent Director

Mr. Ramesh Chandak was appointed as an Independent Director of the Company by the members at the 23rd AGM of the Company held on June 26, 2015 for a period of five consecutive years commencing from June 24, 2016 upto June 23, 2021.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of five consecutive years on the Board of the Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of five consecutive years on the Board of the Company.

The Board of Directors of the Company ('the Board') at their meeting held on June 29, 2020, on the recommendation of the Nomination & Remuneration Committee ('the Committee'), recommend for the approval of the Members, the re-appointment of Mr. Chandak as an Independent Director of the Company with effect from June 24, 2021, in terms of Section 149 read with Schedule IV of the Companies Act, 2013 ('the Act'), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations 2015'), as set out in the Resolution relating to his re-appointment.

Mr. 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. Mr. Ramesh Chandak is the CEO of RDC Business Advisory, which provides individualised leadership coaching, strategy, succession planning and management services. Prior to starting his Advisory practice, he had a successful career spanning over 40 years across manufacturing & infrastructure industries in India, Malaysia and USA. He currently serves on the Boards of several listed companies and is a Senior Advisor to McKinsey & Co. He is a recipient of CA Business leader Award in 2008 by the Institute of Chartered Accountants of India. He is a former President of Indian Electrical & Electronics Manufacturers Association. Therefore the Nomination and Remuneration Committee

of the Board of Directors of the Company consider that his continuous association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ramesh Chandak as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company and has recommended the re-appointment of Mr. Chandak as an "Independent Director" of the Company, since he possesses the requisite qualifications and attributes for re-appointment.

Mr. Ramesh Chandak is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given his consent to act as Director. The Company has received notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Ramesh Chandak for the office of Independent Director of the Company. The Company has also received declaration from Mr. Ramesh Chandak that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further as per Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from April 1, 2019, appointment or continuation of Non-executive Director after attaining age of 75 years also requires approval of Members of the Company by way of special resolution. Mr. Ramesh Chandak, Non-Executive Independent Director of the Company shall attain age of 75 years on November 07, 2021 which is falling under the proposed second term and in the view of the same, the Board of Directors recommends passing of special resolutions under Item No. 6 for continuing his Directorship in the Company, post November 07, 2021.

In the opinion of the Board, Mr. Ramesh Chandak fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations and is independent of the management.

Therefore, the Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given the background and experience and contributions made by Mr. Ramesh Chandak during his tenure, the continued association of Mr. Ramesh Chandak would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director. Accordingly, it is proposed to re-appoint Mr. Ramesh Chandak 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 from June 24, 2021 to June 23, 2026.

The Members are, therefore, requested to grant their approval by way of a Special Resolution for the re-appointment of Mr. Ramesh Chandak as an "Independent Director" of the Company to hold office for a further term of 5 (Five) years, from June 24, 2021 upto June 23, 2026, not liable to retire by rotation.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested,

financially or otherwise, in the aforementioned resolution except Mr. Ramesh Chandak. The Board recommends the Special Resolution set forth in Item No. 6 for approval of the Members.

Details of Mr. Ramesh Chandak whose re-appointment as Independent Director is proposed at Item No. 6 is provided in the “**Annexure 1**” to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standards on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

Item No. 7: Approval for payment of remuneration to Mr. B. M. Vyas (DIN: 00043804), Non-Executive Director, exceeding fifty percent of the total remuneration payable to all the Non-Executive Directors

Mr. B.M. Vyas, Non-executive Director of the Company is rendering professional services as a consultant to the Company and he is being paid consultancy fees for the same. Also a Professional Service Agreement has been entered with Mr. B.M. Vyas. As per proviso to Section 197 (4) of the Act, where services rendered by a director are of professional nature and in the opinion of the Nomination and remuneration committee, the director possesses the requisite qualification for the practice of the profession then the remuneration for such services will not be included in remuneration limits under section 197.

The Nomination and Remuneration Committee has approved that the services rendered by Mr. Vyas under section 197 are in the nature of professional services and he possesses the requisite qualification.

However, in terms of Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI LODR) as amended by SEBI (LODR) (Amendment) Regulations, 2018, effective from April 1, 2019, approval of shareholders by way of special resolution is required to be obtained every year in which the annual remuneration payable to a single Non-Executive Director exceeds fifty percent of the total annual remuneration paid / payable to all Non-Executive Directors.

In view of the above, the annual consultancy fees of ₹ 84,00,000 (Rupees Eighty Four Lakh only) payable to Mr. B.M.Vyas for the financial year 2020-2021 in the form of advisory fees in professional capacity is expected to exceed 50% (fifty percent) of the total annual remuneration payable to all Non-Executive Directors.

In order to comply with requirement under Regulation 17(6)(ca) of SEBI LODR, approval of the members is being sought by way of a special resolution, as set out in Item No. 7 of this notice.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr. B.M. Vyas is in any way, concerned or interested, financially or otherwise, in the aforementioned resolution. The Board recommends the Special Resolution set forth in Item No. 7 for approval of the Members.

Details of Mr. B.M. Vyas is provided in the “**Annexure 1**” to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

By order of the Board of Directors
For Parag Milk Foods Limited

Rachana Sanganeria
Company Secretary & Compliance Officer
ACS No. 10280

Place: Mumbai
Date: September 07, 2020

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

ANNEXURE 1**Brief resume of Directors seeking Re-appointment at the 28th 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. Bharatkumar Mahendrabhai Vyas	Mr. Ramesh Chandak
Director Identification Number	00043804	00026581
Date of birth	05/05/1950	07/11/1946
Date of first appointment on the Board	22/07/2010	24/06/2016
Relationship with Director and Key Managerial Personnel	None	None
Qualification of Mr. Vyas pending	Bachelor of Engineering (Mechanical) & also done General Management Programme from Institute of Rural Management, Anand, India.	Chartered Accountant
Nature of expertise in specific functional areas	He has an experience of more than 45 years in the dairy industry and has been associated with GCOMMFL (Amul) for majority of his career. He is currently associated with company as Independent Dairy Consultant.	Finance and Management
Number of Equity Shares held in the Company as on March 31, 2020	Nil	Nil
Directorship held in other Listed Companies	Nil	1) Ram Ratna Wires Limited 2) KEC International Limited 3) Summit Securities Limited 4) Prince Pipes and Fittings Limited
Number of Board Meetings of the Company attended	5	5
Chairmanship / Membership of Committees of other Boards as on March 31, 2020	None	Holds Membership in 6 Committees of other Boards out of which he is Chairman of 3 committees.
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 www.paragmilkfoods.com , he is a Non-Executive Director liable to retire by rotation.	As per the resolution set out at item no. 6 of the Notice convening 28th Annual General Meeting on September 29, 2020 read with explanatory statement thereto.