

**MODERN DAIRIES LTD.**

Corporate Office : 98-99, Sub City Centre, Sector 34, Chandigarh -160 022 (INDIA)  
Tel. : +91-172-2609001, 2609002, Fax : +91-172-2609000  
E-mail : info@moderndairies.com, CIN : L74899HR1992PLC032998

Regd. Office & Works : PB No. 3, 136 KM, G.T. Road, Karnal - 132 001 (Haryana)

Ref: MDL/SECT/BSE/

Date: 7<sup>th</sup> September, 2019

M/s. BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400001

**SUB: Annual Report of the Company along with Notice of 27<sup>th</sup> Annual General Meeting (AGM) and Newspaper Publication of Notice**

Dear Sir,

Pursuant to relevant Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual report for Financial Year 2018-19 along with Notice of the 27<sup>th</sup> AGM of the Company to be held on Saturday, 28<sup>th</sup> September, 2019 and copy of Newspaper Publication of Notice.

The schedule of the events is set as below:

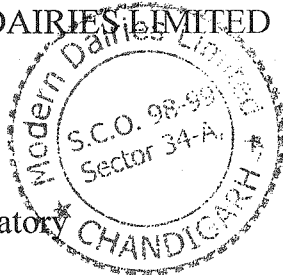
S. No.	Event	Date
1.	Relevant/Cut-off date to vote on AGM resolution	21 <sup>st</sup> September, 2019
2.	Commencement of e-voting	25 <sup>th</sup> September, 2019 (9.00 AM)
3.	End of e-voting	27 <sup>th</sup> September, 2019 (5.00 PM)
4.	Annual General Meeting	28 <sup>th</sup> September, 2019 (11.30 AM)

Please take the above on your record.

Thanking you

Yours truly,  
for MODERN DAIRIES LIMITED

*Mansi*  
(Mansi Gupta)  
Authorised Signatory



# NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

## NOTICE

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of Modern Dairies Limited will be held at its Registered Office at 136 K.M., G.T. Road, Karnal-132001(Haryana) on Saturday, the 28<sup>th</sup> September, 2019 at 11:30 a.m. to transact the following businesses:

### ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the company for the financial year ended 31<sup>st</sup> March, 2019, together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Krishan Kumar Goyal, Chairman and Managing Director (DIN: 00482035), who retires by rotation at this Annual General Meeting and being eligible has offered himself for reappointment.
3. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT**, pursuant to Section 139 and 142 and other applicable provisions of Companies Act, 2013, if any and the rules framed thereunder, as amended from time to time, pursuant to the recommendation of the audit committee of the Board, M/s. Aaryaa & Associates, Chartered Accountants, (Registration No. 0015935N), who were appointed as Statutory Auditors of the Company till the conclusion of 27<sup>th</sup> Annual General Meeting be and are hereby re-appointed as the Auditors of the Company from the conclusion of this Meeting to hold such office for a period of three years till the conclusion of the 30<sup>th</sup> Annual General Meeting, at a remuneration mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

### SPECIAL BUSINESS:

4. Re-appointment of Mr. Satish Kumar Kapoor as a Non-Executive Independent director for second term of three consecutive years.

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Satish Kumar Kapoor (holding DIN 00009122), a non-executive Independent Director of the Company, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby re-

appointed as an Independent Director of the Company to hold office for 3 (three) consecutive years w.e.f. 24<sup>th</sup> September, 2019 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

5. Re-appointment of Mr. Avtar Krishan Vashisht as a Non-Executive Independent director for second term of three consecutive years.

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Avtar Krishan Vashisht (holding DIN 03323142), a non-executive Independent Director of the Company, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company to hold office for 3 (three) consecutive years w.e.f. 24<sup>th</sup> September, 2019 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

6. To ratify the remuneration of the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2020 and pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time and such other permissions as may be necessary, the shareholders hereby ratify the remuneration of Rs. 60,000/- (annual) plus service tax/GST and out of pocket expenses payable to M/s. Aggarwal Vimal & Associates, Cost Accountants, who were appointed by the Board of Directors of the Company to conduct the audit of the Cost records of the Company for the Financial Year ending 31<sup>st</sup> March, 2020.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. To adopt new set of Memorandum of Association/ Articles of Association as per Companies Act, 2013 and in this regard to consider and, if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 13 and Section 14 and other applicable provisions if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) read with rules made thereunder consent of the members be and is hereby accorded to adopt new set of Memorandum of Association/Articles of Association in accordance with the provisions of Companies Act, 2013 in place of existing Memorandum of Association/Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as may be required to be done to give effect to this resolution.”

8. Approval of remuneration paid to Mr. Krishan Kumar Goyal, as Managing Director from 1<sup>st</sup> April, 2017 pursuant to amended Section 197 of Companies Act, 2013:

To consider and if thought fit, to approve the remuneration paid to Mr. Krishan Kumar Goyal, as Managing Director from 1<sup>st</sup> April, 2017 and pass the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 (as amended and became applicable w.e.f. 12<sup>th</sup> September, 2018), 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), including any amendments thereto, Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment(s), modification(s) or re-enactments(s) as may be in force or may come into effect from time to time) and rules, regulations, orders, guidelines or clarifications made/issued or as may be issued to that effect and the approval on behalf of Nomination & Remuneration Committee and the Board of Directors and also subject to such further approvals from lenders etc., approval of the members be and is hereby accorded to the past remuneration already paid by the Company from 1<sup>st</sup> April, 2017, that was duly approved by shareholders in 25<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September, 2017, to Mr. Krishan Kumar Goyal, as Managing Director, in view of absence or inadequacy of profits and occurrence of default in repayment of principal amount of loan(s) and/or interest payable to Banks/ Financial Institutions.

**RESOLVED FURTHER THAT** the Board be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

9. Approval of remuneration paid to Mr. Ashwani Kumar Aggarwal, as Executive Director from 1<sup>st</sup> April, 2017 pursuant to amended Section 197 of Companies Act, 2013:

To consider and if thought fit, to approve the remuneration paid to Mr. Ashwani Kumar Aggarwal, as Executive Director from 1<sup>st</sup> April, 2017 and pass the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197 (as amended and became applicable w.e.f. 12<sup>th</sup> September, 2018), 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), including any amendments thereto, Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment(s), modification(s) or re-enactments(s) as may be in force or may come into effect from time to time) and rules, regulations, orders, guidelines or clarifications made/ issued or as may be issued to that effect and the approval on behalf of Nomination & Remuneration Committee and the Board of Directors and also subject to such further approvals from lenders etc., approval of the members be and is hereby accorded to the past remuneration already paid by the Company from 1<sup>st</sup> April, 2017, that was duly approved by shareholders in 25<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September, 2017, to Mr. Ashwani Kumar Aggarwal, as Executive Director, in view of absence or inadequacy of profits and occurrence of default in repayment of principal amount of loan(s) and/or interest payable to Banks/ Financial Institutions.

**RESOLVED FURTHER THAT** the Board be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board  
**For Modern Dairies Limited**

Krishan Kumar Goyal

(Chairman & Managing Director)

Place: Chandigarh  
Dated: 13<sup>th</sup> August, 2019

(DIN: 00482035)

**Registered Office:**

136 K.M., G.T. Road,  
Karnal –132001 (Haryana)

CIN: L74899HR1992PLC032998

Email: secretarial@modern dairies.com

Website: www.modern dairies.com

Phone: (0172) 2609001/2, Fax: (0172) 2609000

**NOTES:**

1. **A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company.** The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share

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capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking reappointment at the Annual General Meeting is annexed hereto.
4. A Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members, Proxies and Authorised Representatives are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. Members who wish to obtain any information about the Company or view the Accounts for the financial year ended 31<sup>st</sup> March, 2019, may send their queries at least 10 days before the Annual General Meeting at Company's Office at SCO 98-99, Sub-City Centre, Sector 34, Chandigarh- 160 022.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 21<sup>st</sup> September, 2019 to 28<sup>th</sup> September, 2019 (both days inclusive).
8. I. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their addresses, bank details, mandate etc., to their respective Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better services to the members. The members holding shares in physical form are requested to intimate immediately change of address, if any, to the Company's Registrar and Transfer Agent.  
II. In terms of SEBI circular No. SEBI/LAD-NRO/ GN/2018/24, dated 8<sup>th</sup> of June, 2018 members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and for better management of the securities. Members can write to the Company's Registrar and Transfer Agent in this regard.
9. As per the provisions of the Companies Act, 2013 and the rules made thereunder and the Regulation 36(1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company.

Shareholders who have not registered their e-mail address with the Company can now register the same by submitting duly filled-in 'E-Communication Registration Form' attached at the end of this report with MCS Share Transfer Agent Limited/ Investors Service Department of the Company. The members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants only.

Even after registering for e-communication, the Shareholders of the Company are entitled to receive such communication in physical form, upon request.

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company /MCS Share transfer Agent Limited.
11. Soft copy of the Annual Report for the financial year 2018-19 is being sent to all the members, whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2018-19 is being sent in the permitted mode.
12. Soft copy of the Notice of the 27<sup>th</sup> Annual General Meeting of the Company, inter-alia, indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hardcopy of the same. For members who have not registered their email address, physical copies of the Notice of the 27<sup>th</sup> Annual General Meeting of the Company, inter-alia, indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
13. Members may also note that the Notice of the 27<sup>th</sup> Annual General Meeting and the Annual Report for the financial year 2018-19 will also be available on the Company's website [www.moderndairies.com](http://www.moderndairies.com) for their download.  
For any communication, the members may also send requests at email ID: [secretarial@moderndairies.com](mailto:secretarial@moderndairies.com)
14. Procedure for "Remote E-Voting" pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company

is pleased to provide members, facility to exercise their right to vote on resolutions proposed to be considered at the 27<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

- I. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- II. The remote e-voting period commences on 25<sup>th</sup> September, 2019 (9:00 a.m.) and ends on 27<sup>th</sup> September, 2019 (5:00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date of 21<sup>st</sup> September, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, he / she shall not be allowed to change it subsequently.
- III. The facility for voting through poll shall be made available at the venue of 27<sup>th</sup> AGM. The members attending the AGM, who have not cast their votes through remote e-voting facility shall be able to exercise their voting rights at the AGM.
- IV. Instructions and other information related to remote e-voting are as under:

*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.nsd.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

### DETAILS ON STEP 1 IS MENTIONED BELOW:

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. 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 eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. 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*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) 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.
  - c) How to retrieve your 'initial password'?
    - (i) 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'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) 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](http://www.evoting.nsd.com).

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- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

## DETAILS ON STEP 2 IS GIVEN BELOW:

### How to cast your vote electronically on NSDL e-Voting system?

1. 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.
2. 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.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. 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 [bk Gupta.associates@gmail.com](mailto:bk Gupta.associates@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. 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](http://www.evoting.nsd.com) to reset the password.

3. 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.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
15. You can also update your mobile number and e-mail id in the user profile details of the folio, which may be used for sending future communication(s).
16. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 21<sup>st</sup> September, 2019.
17. Mr. Bhupesh Gupta, B.Com, LLB, IP, FCS, Practising Company Secretary (Membership No. FCS 4590) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
18. The scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than two days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in the favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
19. The Chairman or a person authorised by him in writing shall declare the result of the voting forthwith. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.moderndairies.com](http://www.moderndairies.com) and on the website of NSDL and communicated to the BSE Limited.
20. The route map showing directions to reach the venue of AGM is annexed.
21. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection, at the Registered Office of the Company, during normal business hours (9:00 AM to 5:00 PM) on all working days (except on public holidays), upto the date of the Annual General Meeting.

By order of the Board  
**For Modern Dairies Limited**

Krishan Kumar Goyal  
(Chairman & Managing Director)  
(DIN: 00482035)

Place: Chandigarh  
Dated: 13<sup>th</sup> August, 2019

**Registered Office:**  
136 K.M., G.T. Road,  
Karnal -132001 (Haryana)  
**CIN:** L74899HR1992PLC032998  
**Email:** [secretarial@moderndairies.com](mailto:secretarial@moderndairies.com)  
**Website:** [www.moderndairies.com](http://www.moderndairies.com)  
**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("the Act")**

**ITEM NO. 3**

In pursuant to Section 139 and 142 and other applicable provisions of Companies Act, 2013, if any and the rules framed thereunder, M/s. Aaryaa & Associates, Chartered Accountants, (Registration No. 0015935N), Chartered Accountants were appointed as Statutory Auditors of the Company to hold the office until the conclusion of this Annual General Meeting. The Board of Directors, on recommendation of Audit Committee approved the appointment of M/s Aaryaa & Associates for a further period of three years from the conclusion of this Meeting to hold such office till the conclusion of the 30<sup>th</sup> Annual General Meeting at a remuneration as may be decided by the Board of Directors, subject to approval of members.

The Company has received inter alia, a certificate of eligibility from M/s. Aaryaa & Associates, Chartered Accountants, confirming that they are eligible to be re-appointed under Sections 139 and 141 of the Companies Act, 2013 and are not disqualified under the Act, Chartered Accountants Act, 1949 and rules and regulations made thereunder.

The Board recommends the passing of the Item no. 3 as a Ordinary Resolution for your approval.

None of the Directors of the Company and / or their relatives are concerned or interested, financially or otherwise, in the said resolution.

**ITEM NO. 4**

The Members at the 22<sup>nd</sup> Annual General Meeting held on 24<sup>th</sup> September, 2014 approved the appointment of Mr. Satish Kumar Kapoor as an Independent Director of the Company for a period of five years with effect from the said date. Mr. Satish Kumar Kapoor will complete his present term on conclusion of this AGM.

The Board of Directors of the Company ('the Board') at the meeting held on 13<sup>th</sup> August, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, for re-appointment of Mr. Satish Kumar Kapoor as an Independent Director of the Company with effect from 24<sup>th</sup> September, 2019, 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, or any amendment thereto or modification thereof.

The Board is of the view that the continued association of Mr. Satish Kumar Kapoor would benefit the Company, given the knowledge, experience and performance of Mr. Satish Kumar Kapoor, and his contribution to the Board. Declaration has been received from Mr. Satish Kumar Kapoor that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors)

Rules, 2014 and Regulation 16 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, Mr. Satish Kumar Kapoor fulfills the conditions specified in the Act, the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for re-appointment as an Independent Director and that he is independent of the management of the Company.

Consent of the Members by way of Special Resolution is required for re-appointment of Mr. Satish Kumar Kapoor, in terms of Section 149 of the Act. Further, in terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is also required for continuation of a Non-Executive Director beyond the age of seventy five years. During the proposed term of re-appointment, Mr. Satish Kumar Kapoor will attain the age of seventy five years. This Special Resolution, once passed, shall also be deemed as your approval under the aforesaid Regulation, for continuation of Mr. Satish Kumar Kapoor as an Independent Director beyond the age of seventy five years.

Mr. Satish Kumar Kapoor does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person. Mr. Satish Kumar Kapoor is interested in this Special Resolution. None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

**ITEM NO. 5**

The Members at the 22<sup>nd</sup> Annual General Meeting held on 24<sup>th</sup> September, 2014 approved the appointment of Mr. Avtar Krishan Vashisht as an Independent Director of the Company for a period of five years with effect from the said date. Mr. Avtar Krishan Vashisht will complete his present term on conclusion of this AGM.

The Board of Directors of the Company ('the Board') at the meeting held on 13<sup>th</sup> August, 2019, on the recommendation of the Nomination & Remuneration Committee, recommended for the approval of the Members, for re-appointment of Mr. Avtar Krishan Vashisht as an Independent Director of the Company with effect from 24<sup>th</sup> September, 2019, 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, or any amendment thereto or modification thereof.

The Board is of the view that the continued association of Mr. Avtar Krishan Vashisht would benefit the Company, given the knowledge, experience and performance of Mr. Avtar Krishan Vashisht, and his contribution to the Board. Declaration has been received from Mr. Avtar Krishan Vashisht that he meets the criteria of

## NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

Independence prescribed under Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations 2015. In the opinion of the Board, Mr. Avtar Krishan Vashisht fulfills the conditions specified in the Act, the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for re-appointment as an Independent Director and that he is independent of the management of the Company.

Consent of the Members by way of Special Resolution is required for re-appointment of Mr. Avtar Krishan Vashisht, in terms of Section 149 of the Act. Mr. Avtar Krishan Vashisht does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any other person. Mr. Avtar Krishan Vashisht is interested in this Special Resolution.

None of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

### ITEM NO. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2020 subject to the ratification of the remuneration payable to the Cost Auditors by the shareholders of the Company in accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2020.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

### ITEM NO. 7

The existing Memorandum of Association ("MOA") and Articles of Association ("AOA") of the Company, based on the Companies Act, 1956 are no longer in conformity with the Companies Act, 2013. With the coming into force of Companies Act 2013, several clauses of MOA & AOA require alteration/deletion. Given this position, it is considered expedient to adopt a new set of Memorandum of Association and Articles of Association (primarily based on Table A & Table F set out under Schedule I to the Companies Act, 2013) in place of existing MOA & AOA.

As per the provisions of Section 13 & 14 of the Companies Act, 2013, a special resolution has to be passed by the members of the Company for adoption of amended and restated MOA & AOA of the Company.

The Board recommends the above resolution to the shareholders for their approval as Special Resolution.

A copy of amended and restated MOA/AOA of the Company would be available for inspection of the members at [www.moderndairies.com](http://www.moderndairies.com) and at the Registered Office of the Company during the business hours on any working day.

None of the directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the said resolution.

### ITEM NO. 8

Mr. Krishan Kumar Goyal was re-appointed as Managing Director of the Company for a period of three years w.e.f. 1<sup>st</sup> April, 2017 at a salary of Rs. 2,50,000 (Rupees Two Lakh Fifty Thousand Only) per month as per the provisions of the Companies Act, 2013.

At the time of re-appointment of Mr. Krishan Kumar Goyal as Chairman & Managing Director, the profit of the Company was inadequate and also the accounts of the Company with lenders have become NPA.

As per Part II, Section II of Schedule V of Companies Act, 2013 as well as other relevant provisions of the then applicable Companies Act, 2013, approval of the Central Government was required for his re-appointment and payment of remuneration in the event of absence or inadequate profit.

The Shareholders approved his re-appointment and remuneration by way of a special resolution and in accordance with the applicable provisions and Schedule V of the Companies Act, 2013 on terms & conditions as stated in the Notice calling 25<sup>th</sup> Annual General Meeting dated 11<sup>th</sup> September, 2017 for a period of 3 years w.e.f. 1<sup>st</sup> April, 2017. The said approval was subject to the approval of the Central Government as the Company had incurred loss and had made default in the payment of principal or interest. Further, the approval of his remuneration provided that the said remuneration shall also be treated as minimum remuneration in the case of inadequacy of profit as per provisions of the Companies Act, 2013.

Further, the amended Section 197 of the Companies Act 2013 has done away with the approval from Central Government and has authorized the shareholder to approve payment/ waive the recovery of remuneration to managerial personnel by Special Resolution in the event of loss or inadequacy of profits and in case of default in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, approval of the concerned bank, PFI, NCD Holders or Secured Creditors, as the case may be is required. Accordingly, the resolution is being proposed for



the approval of shareholders in consonance of amended provisions of Section 197 of Companies Act, 2013 and applicable rule.

Except Mr. Krishan Kumar Goyal and his relatives, none of the Directors and Key Managerial Personnel of the Company, may be deemed to be concerned or interested, financially or otherwise, in the Resolution.

The Resolution is recommended for the approval of the members as a Special Resolution.

**ITEM NO. 9**

Mr. Ashwani Kumar Aggarwal, was appointed as the Executive Director of the Company w.e.f. 1<sup>st</sup> April, 2017 for a period of three years at a salary of Rs. 1,50,000 (Rupees One Lakh Fifty Thousand only) per month as per the provisions of the Companies Act, 2013.

At the time of re-appointment of Mr. Ashwani Kumar Aggarwal as Executive Director, the profit of the Company was inadequate and also the accounts of the Company with lenders have become NPA.

As per Part II, Section II of Schedule V of Companies Act, 2013 as well as other relevant provisions of the then applicable Companies Act, 2013, approval of the Central Government was required for his re-appointment and payment of remuneration in the event of absence or inadequate profit.

The Shareholders approved his re-appointment and remuneration by way of a special resolution and in accordance with the applicable provisions and Schedule V of the Companies Act, 2013 on terms & conditions as stated in the Notice calling 25<sup>th</sup> Annual General Meeting dated 11<sup>th</sup> September, 2017 for a period of 3 years w.e.f. 1<sup>st</sup> April, 2017. The said approval was subject to the approval of the Central Government as the Company had incurred loss and had made default in the payment of principal or interest. Further, the approval of his remuneration provided that the said remuneration shall also be treated as minimum remuneration in the case of inadequacy of profit as per provisions of the Companies Act, 2013.

Further, the amended Section 197 of the Companies Act 2013 has done away with the approval from Central Government and has authorized the shareholder to approve payment/ waive the recovery of remuneration to managerial personnel by Special Resolution in the event of loss or inadequacy of profits and in case of default in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor, approval of the concerned bank, PFI, NCD Holders or Secured Creditors, as the case may be is required. Accordingly, the resolution is being proposed for the approval of shareholders in consonance of amended provisions of Section 197 of Companies Act, 2013 and applicable rule.

Except Mr. Ashwani Kumar Aggarwal and his relatives, none of the Directors and Key Managerial Personnel of the Company, may be deemed to be concerned or interested, financially or otherwise, in the Resolution.

The Resolution is recommended for the approval of the members as a Special Resolution.

By order of the Board  
**For Modern Dairies Limited**

Krishan Kumar Goyal

Place: Chandigarh (Chairman & Managing Director)

Dated: 13<sup>th</sup> August, 2019 (DIN: 00482035)

**Registered Office:**

136 K.M., G.T. Road,

Karnal -132001 (Haryana)

**CIN:** L74899HR1992PLC032998

**Email:** secretarial@moderndairies.com

**Website:** www.moderndairies.com

**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

## NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

### INFORMATION REGARDING DETAILS OF THE DIRECTOR SEEKING REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED ON 28<sup>TH</sup> SEPTEMBER, 2019, PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

#### ITEM NO. 2

Name of the Director	Mr. Krishan Kumar Goyal
DIN	00482035
Date of Birth	06.09.1956
Date of Appointment	16.07.2012
Brief Resume and expertise in specific functional area	Mr. Krishan Kumar Goyal, aged 62 years, is a Commerce & Law graduate. He is energetic and dynamic person. He has a vast experience in manufacturing industry and is well versed with the modern management practices.  He is also Chairman & Managing Director of Modern Steels Ltd. He has served many positions in the Confederation of Indian Industry (CII) including Chairman, CII Chandigarh Council (NR) from 2003-2006. He has also served as member of Board of Governors, Punjab Engineering College, Chandigarh.
Qualification	B.Com, LLB
List of outside Directorships held	Modern Steels Limited Chandigarh Finance Pvt. Ltd. Bharat Forgings Pvt. Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	Nil
Chairman/Member of the Committee of Directors of other Companies	Nil
Shareholding in the Company	As on 31 <sup>st</sup> March 2019, Mr. Krishan Kumar Goyal holds 22,97,343 Equity Shares of the Company.
Relationship with other Directors	Not Applicable

#### ITEM NO. 4

Name of the Director	Prof. Satish Kapoor
DIN	00009122
Date of Birth	22.10.1946
Date of Appointment	27.07.2002
Brief Resume and expertise in specific functional area	Prof. Satish Kapoor has rich knowledge in International Marketing and Logistics. He has retired as Chairman of University Business School, Panjab University, Chandigarh and was Dean of Faculty of Management.
Qualification	Engineering graduate from I.I.T. Madras, M.B.A. from State University of New York and Doctorate from Panjab University, Chandigarh.
List of outside Directorships held	Nil
Chairman/Member of the Committee of the Board of Directors of the Company	Audit Committee – Chairman Stakeholders Relationship Committee- Chairman Allotment Committee – Chairman Banking & Finance Committee - Chairman Nomination & Remuneration Committee - Member
Chairman/Member of the Committee of Directors of other Companies	Nil
Shareholding in the Company	As on 31 <sup>st</sup> March 2019, Prof. Satish Kapoor holds Nil Equity Shares of the Company.
Relationship with other Directors	Not Applicable

**ITEM NO. 5**

Name of the Director	Dr. A.K. Vashisht
DIN	03323142
Date of Birth	10.07.1956
Date of Appointment	02.11.2010
Brief Resume and expertise in specific functional area	Dr. A.K. Vashisht is a Professor with University Business School, Panjab Univeristy, Chandigarh. He has rich knowledge in Accounting, Finance and Banking.
Qualification	M.Com, M.Phil, Ph.D., L.L.B.
List of outside Directorships held	Nil
Chairman/Member of the Committee of the Board of Directors of the Company	Audit Committee – Member Banking & Finance Committee – Member Nomination & Remuneration Committee- Member
Chairman/Member of the Committee of Directors of other Companies	Nil
Shareholding in the Company	As on 31 <sup>st</sup> March 2019, Dr. A.K. Vashisht holds Nil Equity Shares of the Company.
Relationship with other Directors	Not Applicable

# NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

## MODERN DAIRIES LIMITED

CIN: L74899HR1992PLC032998

**Registered Office:** 136 K.M., G.T. Road, Karnal - 132001 (Haryana)

**Email:** [secretarial@modern dairies.com](mailto:secretarial@modern dairies.com), **Website:** [www.modern dairies.com](http://www.modern dairies.com)

**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

### GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholders,

In case you have not registered your email address for receiving communication from Company in electronic mode, you may submit the Registration Form given herein below to the Share Transfer Agents namely M/s. MCS Share Transfer Agent Limited, F-65, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020 or to the Company at its office at Modern Dairies Limited, SCO. 98-99, Sub City Centre, Sector 34, Chandigarh-160 022. Shareholders holding shares in demat mode are requested to register their email addresses with their respective Depository Participants.

### E-COMMUNICATION REGISTRATION FORM

**(As per the provisions of the Companies Act, 2013 and the rules made thereunder and the SEBI (LODR) Regulations, 2015)**

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

Name of 1<sup>st</sup> Registered Holder: .....

Name of Joint Holder(s): .....

Registered Address: .....

E-mail ID (to be registered): .....

I/we shareholder(s) of Modern Dairies Limited agree to receive communication from the Company in electronic mode.

Please register my/our above e-mail id in your records for sending communication through e-mail.

Signature: .....

Date: .....

Note: Shareholder(s) are requested to keep the Company / Depository Participant informed as and when there is any change in the e-mail address.



# NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

## ATTENDANCE SLIP

### MODERN DAIRIES LIMITED

CIN: L74899HR1992PLC032998

**Registered Office:** 136 K.M., G.T. Road, Karnal - 132001 (Haryana)

**Email:** secretarial@moderndairies.com, **Website:** www.moderndairies.com

**Phone:** (0172) 2609001/2, **Fax:** (0172) 2609000

### 27<sup>TH</sup> ANNUAL GENERAL MEETING

Member's / Proxy's name in Block Letters \_\_\_\_\_

Address \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I / We hereby record my/our presence at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, the 28<sup>th</sup> September, 2019 at 11:30 a.m. at Registered Office at : 136 K.M., G.T. Road, Karnal –132001 (Haryana).

\_\_\_\_\_  
Member's Folio / DP ID-Client ID No.

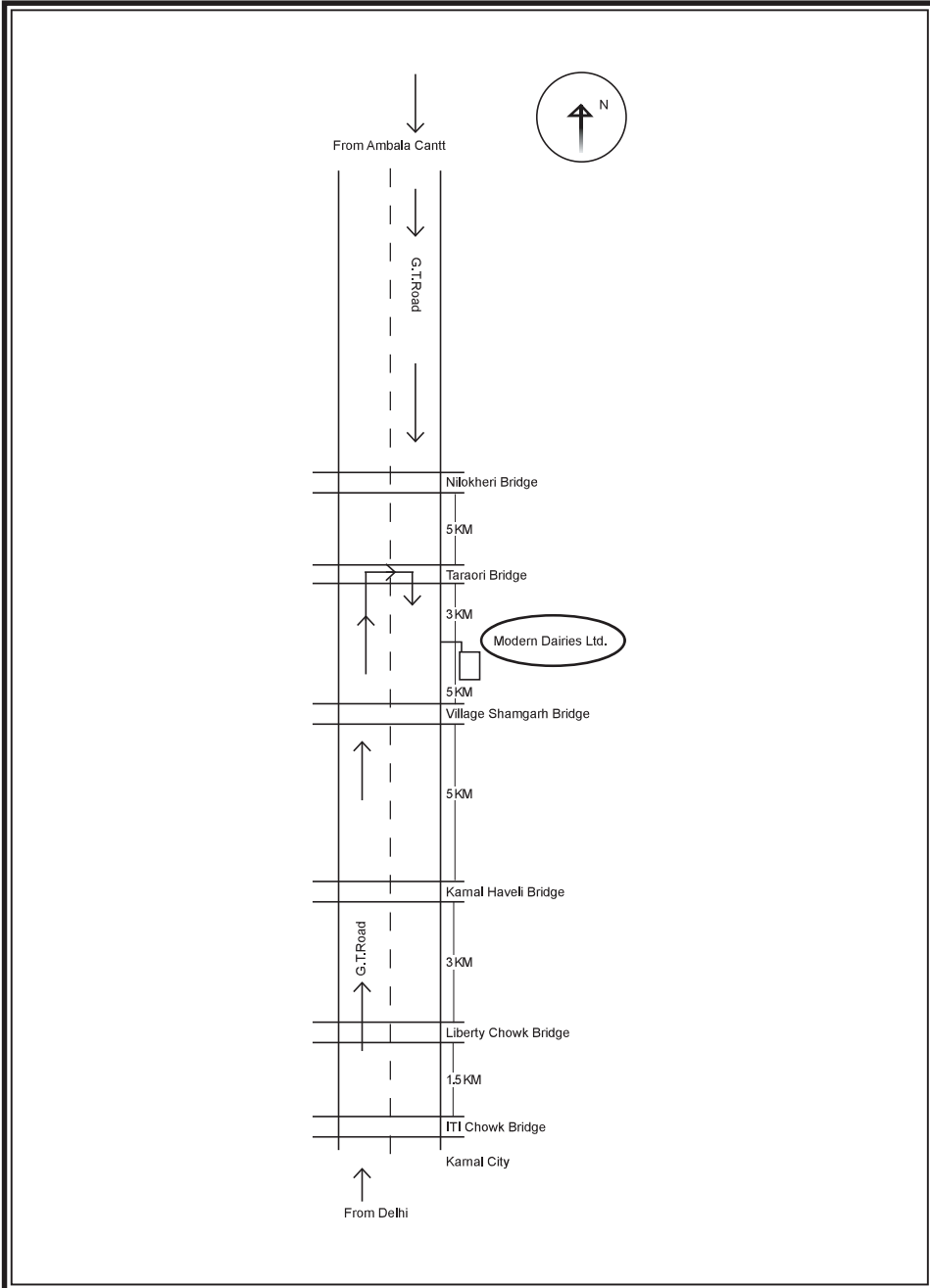
\_\_\_\_\_  
Member's/Proxy's signatures

#### Note:

1. Please complete the Attendance Slip and handover at the entrance of the Meeting venue.
  2. Soft copy of the Annual Report for FY 2018-19 and the Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant / Company through email only unless any member has requested for a hard copy of the same. Members receiving soft copy and attending the AGM can print copy of this Attendance Slip.
  3. Physical copy of the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy and copy of the Annual Report for 2018-19 is being sent separately.
  4. Shareholders are requested to bring their copy of the Notice along with them at the Annual General Meeting as the copies of the same will not be distributed at the meeting.
- .....

ROUTE MAP TO THE AGM VENUE

Venue: Modern Dairies Limited: 136 K. M., G. T. Road, Karnal - 132001 (Haryana)



# NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

## PROXY FORM

Form No. MGT-11

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

### MODERN DAIRIES LIMITED

CIN: L74899HR1992PLC032998

Registered Office: 136 K.M., G.T. Road, Karnal - 132001 (Haryana)

Email: [secretarial@modern dairies.com](mailto:secretarial@modern dairies.com), Website: [www.modern dairies.com](http://www.modern dairies.com)

Phone: (0172) 2609001/2, Fax: (0172) 2609000

Name of the member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email ID: \_\_\_\_\_

Folio No./Client ID/DPID: \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ holding \_\_\_\_\_ shares of above named Company, hereby appoint:

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_

Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her

2. Name: \_\_\_\_\_ Address: \_\_\_\_\_

Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her

3. Name: \_\_\_\_\_ Address: \_\_\_\_\_

Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, the 28<sup>th</sup> September, 2019 at 11:30 a.m. at Registered Office at: 136 K.M., G.T. Road, Karnal -132001 (Haryana) and at any adjournment thereof in respect of such resolutions as are indicated below:

#### Ordinary Business

1. Consider and adopt the audited financial statements of the company for the financial year ended 31<sup>st</sup> March, 2019, together with the reports of the Directors' and Auditors' thereon.
2. Re-appointment of director in place of Mr. Krishan Kumar Goyal, Chairman and Managing Director (DIN: 00482035), who retires by rotation at this Annual General Meeting and being eligible has offered himself for reappointment.
3. Re-appointment of M/s. Aaryaa & Associates, Chartered Accountants, as the Auditors of the Company for an another term of three consecutive years from the conclusion of this Meeting to hold such office for a period of three years till the conclusion of the 30<sup>th</sup> Annual General Meeting.

#### Special Business

4. Re-appointment of Mr. Satish Kumar Kapoor as a Non-Executive Independent director for second term of three consecutive years.
5. Re-appointment of Mr. Avtar Krishan Vashisht as a Non-Executive Independent director for second term of three consecutive years.
6. Ratification of the remuneration payable to the Cost Auditors for conducting the audit of the cost records of the Company for the Financial Year ending 31<sup>st</sup> March, 2020.
7. To adopt new set of Memorandum of Association/Articles of Association as per Companies Act, 2013.
8. Approval of remuneration paid to Mr. Krishan Kumar Goyal, as Managing Director from 1<sup>st</sup> April, 2017 pursuant to amended Section 197 of Companies Act, 2013.
9. Approval of remuneration paid to Mr. Ashwani Kumar Aggarwal, as Executive Director from 1<sup>st</sup> April, 2017 pursuant to amended Section 197 of Companies Act, 2013.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2019

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

#### Note:

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

Affix  
revenue  
stamp ₹1



27<sup>th</sup>  
ANNUAL  
REPORT  
2018-2019



MODERN DAIRIES LIMITED



**BOARD OF DIRECTORS**

Chairman and Managing Director  
Mr. Krishan Kumar Goyal

Dr. Bhupendra Nath Mathur, Independent Director  
Prof. Satish Kapoor, Independent Director  
Dr. A.K. Vashisht, Independent Director  
Dr. Renu Vig, Independent Director  
Mr. A.K. Aggarwal, Executive Director

**CHIEF FINANCIAL OFFICER**

Mr. Mukesh Sehgal

**AUDITORS**

M/s. Aaryaa & Associates  
Chartered Accountants

**BANKERS**

Punjab National Bank  
Edelweiss Asset Reconstruction Company Limited  
Canara Bank

**CORPORATE OFFICE**

SCO 98-99, Sub City Centre,  
Sector 34, Chandigarh-160 022, India

**REGISTERED OFFICE & WORKS**

136 KM, G.T. Road,  
Karnal- 132 001 (Haryana)

**REGISTRARS & SHARE TRANSFER AGENTS**

M/s. MCS Share Transfer Agent Limited  
F-65, First Floor, Okhla Industrial Area  
Phase 1, New Delhi-110 020

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## DIRECTORS' REPORT

Dear Members,

Your Directors hereby present their 27<sup>th</sup> Annual Report together with the Audited Accounts of Modern Dairies Limited for the year ended 31<sup>st</sup> March, 2019.

### FINANCIALS

	Rs. in Lacs	
	Year Ended 31.03.2019	Year Ended 31.03.2018
Net Sales and other Income	5,60,69	4,67,29
Operating Profit/Loss	11,53	(13,12)
Finance Cost	20	31
Cash Profit/Loss	11,33	(13,43)
Depreciation & Amortisation	5,27	5,14
Profit/Loss for the year	6,06	(18,57)

### PERFORMANCE

During the year under review, the Company achieved Net Sales and Other Income of Rs. 5,60,69 lacs as against Rs. 4,67,29 lacs in the previous year and resulting into net profit of Rs. 6,06 lacs against the net loss of Rs. 18,57 lacs in the previous year.

As reported last year, the company's operations team has focused on sale of Fresh Dairy Products like Milk in Sachets, Fermented Dairy Products i.e. Dahi and Chach, Cheese and Fresh Paneer in Modern Dairies brand. Apart from this, our focus has been on increasing the private label business of Fresh Dairy Products with the leading institutions. The company's efforts have started showing positive results. It is a matter of satisfaction to report that the company's operations have shown visible improvement in the current operational year. The Company products are well accepted and operational team is making best efforts to increase its presence in the market. The sales growth is encouraging and the company hopes to improve its performance with these efforts in the time to come.

The company is still facing the uneconomical situation for manufacture of export dependent product i.e. Casein, which was non-operational most of the time this year, being unviable due to low international prices of Casein.

### CURRENT OPERATIONS

As explained above, the operating team of the company is working hard to increase its presence in the market in the sale of Fresh Dairy Products.

Further, the company has focused to increase volume of private label work being done with leading institutions. This is also resulting into increase in the sales volume and margins.

This year the company has witnessed good monsoon which augers well for the dairy industry. The availability of milk is expected to be good in the coming flush season.

### MILK CESS

As the members are aware that the Company has filed a Special Leave Petition with the Hon'ble Supreme Court of India against the judgment of Hon'ble Punjab & Haryana High Court challenging imposition of Milk Cess by the Govt. of Haryana. The Hon'ble Supreme Court on 7<sup>th</sup> September, 2012, directed an interim stay of the High Court judgment and order subject to the Company's depositing 50% of the cess levied and demanded by the Government of Haryana which has been deposited by the Company with the Department within the stipulated time. In spite of that the Company continues to receive demand notice from Semen Bank officer. Demand notice at year end stands at Rs. 174.61 Crores. The matter is pending before the Hon'ble Supreme Court.

### PLEDGE OF PROMOTER SHAREHOLDING

The entire shareholding of promoter and promoter group aggregating to 10654779 shares, being 45.69% of the entire share capital of the Company are pledged in favour of Punjab National Bank and other consortium members.

### STATUS OF COMPANY'S ACCOUNTS WITH LENDERS

The Company Account with Lenders became NPA on March, 2016. The State Bank of India has already assigned its portion of debt to a leading ARC M/s. Edelweiss Asset Reconstruction Company Limited. The Punjab National Bank vide its letter dated 26.02.2019 has sanctioned an One Time Settlement to the company for an amount of Rs. 45.84 Crores for Fund Based and Rs. 15.76 lakhs for Non fund based. Against this, an amount of Rs. 2 crore was already paid by the company and the balance amount was to be paid by the company by 31<sup>st</sup> March, 2019. The Company has taken up the matter with PNB for grant of extension for repayment period in terms of the policy of Punjab National Bank on OTS. The operating team is in regular touch with the bank and the matter is in process.

Further the company has also taken up the issue with Canara Bank to find out a solution in the account. The Company is following up with the lenders for debt resolution.

### **QUALITY, FOOD SAFETY & ENVIRONMENT STANDARDS**

From the very beginning the Company's focus has been to follow up best of the processing and management systems in the plant to comply with Good Management Practices (GMP) and Good Hygienic Practices (GHP).

Our Quality Management Systems, Food Safety Systems and Environment Management Systems have been certified by DNVGL Netherlands. The Company's Management Systems are ISO 9001:2015, ISO 14001:2015, Food Safety systems certification i.e. FSSC22000 V4.1 certified, besides the Company's operations have been approved by the best multinationals operating in the country.

### **SHARE CAPITAL**

The paid up equity capital as on March 31, 2019 is Rs. 23,35,89,000/-.

### **DIVIDEND**

In view of requirements of regular funds for operations, your directors are unable to recommend any dividend for the Financial Year ended on March 31, 2019.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, for continuation of a Non-Executive Director beyond the age of seventy five years it is required to take consent of members by way of Special Resolution. Mr. Bhupendra Nath Mathur, Non-Executive Independent Director of the Company has attained the age of 75 years and has intimated his inability to continue as an Independent Director of the Company for his next tenure due to his other interests and commitments. The board placed on record his appreciation for the valuable contribution and the services rendered by him during his tenure as an Independent Director.

In pursuance of Section 152 of the Companies Act, 2013, at-least two-thirds of the Directors (excluding Independent Directors) shall be subject to retirement by rotation. One-third of such Directors must retire

from office at each AGM and a retiring director is eligible for re-appointment. Accordingly, Mr. Krishan Kumar Goyal, Chairman and Managing Director (DIN: 00482035), is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself to be re-appointed at this AGM.

Mr. Satish Kumar Kapoor (holding DIN 00009122), a non-executive Independent Director of the Company, to be re-appointed for another term of three consecutive years w.e.f. 24<sup>th</sup> September, 2019.

Mr. Avtar Krishan Vashisht (holding DIN 03323142), a non-executive Independent Director of the Company, to be re-appointed for another term of three consecutive years w.e.f. 24<sup>th</sup> September, 2019.

The following are the Key Managerial Personnel of the Company:

1. Mr. Krishan Kumar Goyal (Chairman and Managing Director)
2. Mr. Ashwani Kumar Aggarwal (Whole time Director)
3. Mr. Mukesh Sehgal (Chief Financial Officer)
4. Ms. Heena Garg (Compliance Officer & Company Secretary)

During the year Ms. Heena Garg, Compliance Officer & Company Secretary of the company has resigned from her post due to her pre-occupancies on 26<sup>th</sup> February, 2019.

All the intimations pertaining to the appointments and resignations made during the year has been given to Stock Exchange (s) where the shares of the Company are listed and also the relevant records are duly updated with the Registrar of Companies wherever required.

### **BOARD MEETINGS**

During the year under review, four meetings of the Board of Directors were held. The details of the meetings of the Board are furnished in the Corporate Governance Report which is attached to this Report.

### **ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

In pursuance of Section 134 (3) (p) of the Companies Act, 2013 read with rules made thereunder, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors carried out the performance evaluation of the Board as a whole, and of its Committees and individual directors. The evaluation was carried out using individual questionnaires covering composition of Board, conduct as per Company values & beliefs,

contribution towards development of strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

As part of the evaluation process, the performance of Non Independent Directors, the Chairman and the Board was conducted by the Independent Directors. The performance evaluation of the respective Committees and that of Independent and Non Independent Directors was done by the Board excluding the Director being evaluated.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013 read with the rules made thereunder and Regulation 25 (8) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, that they meet the criteria of independence as laid out in Subsection (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **BOARD DIVERSITY AND REMUNERATION POLICY**

The Company has a policy for formation of the Board to have Executive Directors and Independent Directors of diverse background to maintain the independence of the Board. As on 31<sup>st</sup> March, 2019, the Board consists of six members out of which two are Executive Directors and four are independent directors.

The Board periodically evaluates the need for change in its composition and size.

We affirm that the remuneration paid to the Directors is as per the terms approved by the Nomination and Remuneration Committee of the Company.

With reference to the provisions of Section 136(1) of the Companies Act, 2013, information required under Section 197(2) read with rule 5(1) not forms part of this report, however, no employees were employed throughout the Financial Year or part thereof drawing remuneration pursuant to the provision of 197(2) read with rule 5(2).

#### **AUDIT COMMITTEE**

In pursuance of Section 177 of the Companies Act, 2013 read with the rules made thereunder and

Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has duly constituted the Audit Committee consisting of 4 Non-Executive and Executive Directors with the majority being Independent Directors including the Chairman of the Committee.

The terms of reference of Audit Committee are as mentioned in Section 177 of the Companies Act, 2013 and part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The relevant details of Audit Committee have been given in the Corporate Governance Report forming part of this Annual Report.

The Audit Committee of your Company comprises of the following Directors:

1. Prof. Satish Kapoor-Chairman
2. Dr. B.N. Mathur-Member
3. Mr. A.K. Vashisht-Member
4. Mr. A.K. Aggarwal-Member

Further, in terms of Section 177 (8) of the Act, it is stated that there were no such instances where the Board of Directors have not accepted the recommendations of the Audit Committee during the year 2018-19.

#### **AUDITORS**

##### **Statutory Auditors**

Pursuant to Section 139 and 142 and other applicable provisions of Companies Act, 2013, if any and the rules framed thereunder, M/s. Aaryaa & Associates, Chartered Accountants, (Registration No. 0015935N), who were appointed as Statutory Auditors of the Company till the conclusion of this Annual General Meeting has been re-appointed as the Auditors of the Company from the conclusion of this Meeting to hold such office for a period of three years till the conclusion of the 30<sup>th</sup> Annual General Meeting, at a remuneration recommended by the Audit Committee and mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

##### **Cost Auditors**

The Board of Directors have approved the appointment and remuneration of M/s. Aggarwal Vimal & Associates as Cost Auditors of the Company to conduct the cost audit for the year 2019-20 on the recommendations of the Audit Committee subject to the ratification of the remuneration by the Shareholders.

##### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder,

the Board of Directors had appointed M/s. B.K. Gupta & Associates, Company Secretaries as Secretarial Auditor of the Company for the financial year 2018-19 for conducting the Secretarial Audit as required under the provisions of Companies Act, 2013.

The Secretarial Audit Report issued by M/s. B.K. Gupta & Associates, Company Secretaries in Form MR-3 for the Financial Year ended 31<sup>st</sup> March, 2019 is annexed herewith as Annexure 'A' to this report.

#### **AUDITOR'S REPORT**

The Statutory Auditors of the Company, M/s. Aaryaa & Associates, Chartered Accountants, have submitted the Auditor's Report which has observation on Standalone Financial Statements for the period ended March 31, 2019.

#### **Auditor's Qualifications/ Observations**

Director's remuneration is not admissible as prescribed in Sec-197 of Companies Act, 2013 except in accordance with the provision of Schedule V and if it is not able to comply with such provisions, the prior approval of lenders is required.

The Company is not eligible to pay director remuneration for non-compliance of conditions prescribed in Schedule V of the Companies Act, 2013. During the year, the company has given the director remuneration to Mr. Krishan Kumar Goyal (Chairman & Managing Director) amounting to Rs. 30,00,000 and Mr. Ashwani Kumar Goyal (Executive Director) amounting to Rs. 26,62,358.

Apart from the managerial remuneration for year ended 31<sup>st</sup> March, 2019, as mentioned above, the company has paid director remuneration of Rs. 55,48,884 till 31<sup>st</sup> March, 2018 without complying the provisions of Schedule V of the Companies Act, 2013.

#### **Management's Reply:**

The company has paid Managerial Remuneration amounting to Rs. 56,62,358 to directors for which the company is yet to receive approval from the competent authority/agency. Management undertakes that in case the approval is not received from the competent authority/agency, they shall refund the remuneration paid to them by the company. Profitability of the company shall effect to the same extent.

#### **RISK MANAGEMENT**

The Company recognises that risk is an internal and unavoidable component of business and is committed to managing the risk in a proactive and

efficient manner. The Company has formulated Risk Management Policy to identify and then manage threats / risks that could have impact on the goals and objectives of the Company.

#### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated Vigil Mechanism/Whistle Blower Policy which provides a robust framework for dealing with genuine concerns and grievances. Your Company has an ethics hotline which can be used by employees, Directors, suppliers, dealers etc. to report any violations to the Code of Conduct. Specifically, employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. During financial year 2018-19, no complaints were received.

#### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

MDL (Modern Dairies Limited) has aligned its current system of internal financial control with the requirement of Companies Act, 2013.

MDL's internal controls commensurate with its size and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies.

The management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) as of 31<sup>st</sup> March, 2019. The assessment involved self-review and external audit.

M/s. Aaryaa & Associates, Chartered Accountants, the Statutory Auditors of MDL has audited the financial statements included in this annual report and has issued an attestation report on our internal control over financial reporting (as defined in Section 143).

The Audit Committee reviews reports submitted by the management and audit reports submitted by internal auditors and Statutory Auditors. Suggestions for improvement are considered and the Audit Committee follows up on corrective action. Based on its evaluations (as defined in Section 177 of Companies Act, 2013

and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015), the Audit Committee has concluded that, as of 31<sup>st</sup> March, 2019, the internal financial controls were adequate and operating effectively.

#### **MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY**

There are no adverse material changes or commitments occurring after 31<sup>st</sup> March, 2019, which may affect the financial position of the Company.

#### **DEPOSITS**

The Company has neither accepted nor invited any deposit from the public and hence directives issued by Reserve Bank of India and the provisions of Chapter V (Acceptance of deposits by Companies) of the Companies Act, 2013 and rules framed there under are not applicable for the year.

#### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Loans, guarantees and investments, if any covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the financial statements.

#### **RELATED PARTY TRANSACTIONS**

All contracts or arrangements entered into by the Company with Related Parties have been done at an arm's length and are in the ordinary course of business. Related Party disclosures as per AS-18 have been provided in the Notes to the Financial Statements. During financial year 2018-19, your company has not entered into any contract/arrangement/transaction with related parties which could be considered 'material' in accordance with its Policy on Materiality of Related Party Transactions. Thus, there are no transactions required to be reported in Form AOC-2.

#### **CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS**

A separate report on Corporate Governance & Management Discussion & Analysis is attached to this report.

#### **EXTRACT OF ANNUAL RETURN**

In compliance with Section 92(3), Section 134 (3) (a) and Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the annual return in Form No. MGT-9 which is annexed

as **ANNEXURE B** with this report and shall form part of the Board's report.

#### **COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company is compliant with the applicable Secretarial Standards (SS) viz. SS-1 & SS-2 on Meetings of the Board of Directors and General Meetings respectively.

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

The information on conservation of energy, technology absorption, foreign exchange earnings and outgo as per Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules 2014, is given in the **ANNEXURE C** and forms part of this report.

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

Your Company has in place a policy on Prevention of Sexual Harassment at workplace. This policy is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees whether permanent, contractual, temporary and trainees are covered under this Policy.

As per the said Policy, an Internal Complaints Committee is also in place to redress complaints received regarding sexual harassment. No complaints were received during financial year 2018-19.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) they have 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 as at 31<sup>st</sup> March, 2019 and of the profit of the Company for the year;
- (c) they have 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) the annual accounts are prepared on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### APPRECIATION

Your Directors wish to place on record their sincere appreciation for the continued support from its business associates and stakeholders of the Company.

By order of the Board of Directors  
For Modern Dairies Limited

Krishan Kumar Goyal

Place: Chandigarh Chairman & Managing Director  
Dated: 13<sup>th</sup> August, 2019 DIN: 00482035

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### INDUSTRY STRUCTURE & DEVELOPMENTS

India has come a long way from being in deficit days to being well embarked to emerge as the world's largest producer and consumer of milk. During last many years, India's milk production has been around 4% CAGR as against mere 1.6% CAGR posted by global milk production.

Going ahead, it has been estimated that India's milk production is around 185mn MT during the year 2018-19. Value added dairy products have been gaining importance with increasing changes in India's demographic and dietary patterns. It is estimated that, while demand for branded milk is expected to grow by around 15% CAGR, value added dairy products would grow even stronger by approximately 20% plus CAGR driven by increasing share of organized sector within traditional value added dairy products and rising penetration of high-growth emerging value added dairy products.

#### OPPORTUNITIES AND THREATS

Led by rising disposable income, and growing consumer preference for branded and value-added milk & milk products, investments by organized players in the sector has been on the rise. The organized players are set to grow at a fast pace.

On the international front the commodity prices continue to be low, whereas domestic prices have seen a sharp increase, thereby making the export from India unviable at present.

#### RISK AND CONCERN

The Indian Dairy Industry's long-term structural growth is undeniable and demand shift to organized players is also inevitable with transition to value added dairy products. However, the risks are:

- i. Milk price volatility can impact short-term profitability;
- ii. Capital intensive nature of value added dairy products can impact short-term Return on Capital Expenditure (ROCE), but it will reduce margin volatility due to vagaries of milk cycle.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements, management maintains a system of accounting and controls including an internal audit process. Internal controls are supported by Management reviews.

The Board of Directors have an Audit Committee that is chaired by an Independent Director. The committee meets periodically with Management, Internal Auditor, Statutory Auditors to review the Company's program of internal controls, audit plans and results, recommendations of the auditors and management's responses to those recommendations.

#### FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

During the year under review, the Company achieved Net Sales and Other Income of Rs. 5,60,69 lacs as against Rs. 4,67,29 lacs in the previous year and resulting into net profit of Rs. 6,06 lacs against the net loss of Rs. 18,57 lacs in the previous year.

As reported last year, the company's operations team has focused on sale of Fresh Dairy Products like Milk in Sachets, Fermented Dairy Products i.e. Dahi and Chach, Cheese and Fresh Paneer in Modern Dairies brand. Apart from this, our focus has been on increasing the private label business of Fresh Dairy Products with the leading institutions. The company's efforts have started showing positive results. It is a matter of satisfaction to report that the company's operations have shown visible improvement in the current operational year. The Company products are well accepted and operational team is making best efforts to increase its presence in the market. The sales growth is encouraging and the company hopes to improve its performance with these efforts in the time to come.

The company is still facing the uneconomical situation for manufacture of export dependent product i.e. Casein, which was non-operational most of the time this year, being unviable due to low international prices of Casein.

Given market situation as explained above, on account of rising disposable income, rising consumer preference for branded and value added milk and milk products, there is a huge growth opportunity in the sale of these products in the domestic market. The company is continuously working hard to improve the operations and performance through the sale of these products.

In addition to this, the company has focused to increase volume of private label work being done with leading institutions. This is also resulting into increase in the sales volume and margins.

#### **HUMAN RESOURCES**

The Company regards its employees as valuable asset and continuously reviews and evolves policies and procedures to attract and retain its pool of technical

and managerial personnel through a conducive work environment.

As at March 31<sup>st</sup>, 2019 the Company had a total workforce of approximately 227 persons, excluding workers/ labour.

#### **CAUTIONARY STATEMENT**

The Management Discussion and Analysis Report may contain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statement as important factors could influence the Company's operations such as Government policies, political and economic developments and such other factors are risk inherent to the Company's growth.

#### **KEY RATIOS**

<b>Key Ratios</b>	<b>% change from previous financial year</b>	<b>Reason for change</b>
Inventory Turnover Ratio	+90.94%	Rise in inventory turnover ratio is due to reduction in average stock during the current financial year.
Current Ratio	+53.76%	Rise in current ratio is due to increase in current assets and current liabilities.

By order of the Board of Directors  
For Modern Dairies Limited

Krishan Kumar Goyal  
Place: Chandigarh Chairman & Managing Director  
Dated: 13<sup>th</sup> August, 2019 DIN: 00482035

**ANNEXURE 'A' TO DIRECTORS' REPORT****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

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

To  
THE MEMBERS  
MODERN DAIRIES LIMITED  
136, K.M. G.T. ROAD,  
KARNAL,  
HARYANA-132001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MODERN DAIRIES LIMITED**, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The 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: Not applicable during the audit period;
  - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable during the audit period;
  - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- Not applicable during the audit period;
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-Not applicable during the audit period;
  - 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;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable during the audit period; and
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-Not Applicable during the audit period.
- (vi) We have relied on the representation made by the Company & its Officers for system and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws as per list attached herewith.

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

- a) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India
- b) The Listing Agreements entered into by the Company with Bombay Stock Exchange

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations: During the period under review, the company has appointed Chief Financial Officer (CFO) but has not filed Form DIR-12 for his appointment with Ministry of Corporate Affairs (MCA) portal. The website of the company is non-functional.

**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 Meetings, agenda and detailed notes on agenda were sent in seven days in advance, 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.

All decisions at the Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

**We further report that** during the audit period the company has not made any decisions which are having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

**For B.K. Gupta & Associates  
Company Secretaries**

(Bhupesh Gupta)  
FCS No.:4590  
C P No.:5708

**Place: Chandigarh  
Date: 28<sup>th</sup> May, 2019**

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

**LIST OF LABOUR LAWS AND ENVIRONMENTAL LAWS WHICH HAVE BEEN VERIFIED DURING AUDIT PERIOD**

**List of Labour Laws**

- Industrial Disputes Act, 1947
- The Payment of Wages Act, 1936
- The Minimum Wages Act, 1948
- Employee's State Insurance Act, 1948
- The Payment of Bonus Act, 1972
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Apprentices Act, 1961

**List of Environmental Laws**

- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Hazardous Waste (Management, Handling and Trans-boundary Movements) Rules, 2008

**Annexure:-A**

To  
THE MEMBERS  
MODERN DAIRIES LIMITED  
136, K.M. G.T. ROAD,  
KARNAL,  
HARYANA-132001.

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

**For B.K. Gupta & Associates  
Company Secretaries**

(Bhupesh Gupta)  
FCS No.:4590  
C P No.:5708

**Place: Chandigarh  
Date: 28<sup>th</sup> May, 2019**

## ANNEXURE 'B' TO DIRECTORS' REPORT

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March, 2019

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

I. REGISTRATION AND OTHER DETAILS:	
i) CIN	L74899HR1992PLC032998
ii) Registration Date	22 <sup>nd</sup> April, 1992
iii) Name of the Company	Modern Dairies Limited
iv) Category / Sub-Category of the Company	Public Limited Listed Company
v) Address of the Registered office and contact details	136 K.M., G.T. Road, Karnal-132001 (Haryana), Tel: +91-172-2609001/2, Fax: +91-172-2609000, E- mail:secretarial@moderndairies.com, Website : www.moderndairies.com
vi) Whether listed company Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. MCS Share Transfer Agent Ltd., F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020, Tel.No. : +91-11- 41406149, Fax No.: +91-11- 41709881, E-mail : admin@mcsregistrars.com, Website : www.mcsregistrars.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company are as follows:-

Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1. Liquid Milk	10501	66%
2. Pure Desi Ghee	10504	15%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - Nil

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

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2018)				No. of Shares held at the end of the year (as on 31st March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	7935287	-	7935287	34.03%	7935287	-	7935287	34.03%	-
b) Bodies Corp.	2719492	-	2719492	11.66%	2719492	-	2719492	11.66%	-
<b>Total Shareholding of Promoter (A)</b>	<b>10654779</b>	<b>-</b>	<b>10654779</b>	<b>45.69%</b>	<b>10654779</b>	<b>-</b>	<b>10654779</b>	<b>45.69%</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2018)				No. of Shares held at the end of the year (as on 31st March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	9400	9400	0.04%	200	9200	9400	0.04%	-
b) Others - FFI (IFC)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>9400</b>	<b>9400</b>	<b>0.04%</b>	<b>200</b>	<b>9200</b>	<b>9400</b>	<b>0.04%</b>	<b>-</b>
2. Non-Institutions									
a) Bodies Corp- Indian	924809	14900	939709	4.03%	550621	14800	565421	2.42%	-1.61%
b) Individuals shareholders									
i) Holding nominal share capital upto Rs. 1 lakh	5637049	1722177	7359226	31.56%	5640189	1650877	7291066	31.27%	-0.29%
ii) holding nominal share capital in excess of Rs 1 lakh	3883026	12600	3895626	16.71%	4341740	12600	4354340	18.67%	1.97%
c). Others - NRIs	377821	83300	461121	1.98%	362655	82200	444855	1.91%	-0.07%
<b>Sub-total (B)(2):-</b>	<b>10822705</b>	<b>1832977</b>	<b>12655682</b>	<b>54.27%</b>	<b>10895205</b>	<b>1760477</b>	<b>12655682</b>	<b>54.27%</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>10822705</b>	<b>1842377</b>	<b>12665082</b>	<b>54.31%</b>	<b>10895405</b>	<b>1769677</b>	<b>12665082</b>	<b>54.31%</b>	<b>-</b>
<b>Grand Total (A+B)</b>	<b>21477484</b>	<b>1842377</b>	<b>23319861</b>	<b>100.00%</b>	<b>21550184</b>	<b>1769677</b>	<b>23319861</b>	<b>100.00%</b>	<b>-</b>

## (ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year as on 1 <sup>st</sup> April, 2018			Share holding at the end of the year as on 31 <sup>st</sup> March, 2019			% change in share holding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged to total shares held	No. of Shares	% of total Shares of the company	% of Shares Pledged to total shares held	
1. Alka Goyal	2828972	12.13%	100%	2828972	12.13%	100%	-
2. Krishan Kumar Goyal	2297343	9.85%	100%	2297343	9.85%	100%	-
3. Krishan Kumar Goyal (HUF)	1280000	5.49%	100%	1280000	5.49%	100%	-
4. Aditya Goyal	878772	3.77%	100%	878772	3.77%	100%	-
5. Chandigarh Finance Pvt. Ltd.	771892	3.31%	100%	771892	3.31%	100%	-
6. Shree Ganesh Invest. & Inds. Ltd.	720000	3.09%	100%	720000	3.09%	100%	-
7. Times Finvest and Commerce Ltd	670000	2.87%	100%	670000	2.87%	100%	-
8. Nabha Commerce Pvt. Ltd.	527600	2.26%	100%	527600	2.26%	100%	-
9. Amarjit Goyal	500200	2.14%	100%	500200	2.14%	100%	-
10. Amarjit Goyal (HUF)	150000	0.64%	100%	150000	0.64%	100%	-
11. Bharat Forgings Pvt. Ltd	30000	0.13%	100%	30000	0.13%	100%	-
<b>TOTAL</b>	<b>10654779</b>	<b>45.69%</b>	<b>100%</b>	<b>10654779</b>	<b>45.69%</b>	<b>100%</b>	<b>-</b>

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

There is no change in the Promoters' shareholding during the year.

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

Name of the shareholder	Shareholding at the beginning of the year as on 1st April, 2018		Date on which Purchase/sale made	Purchase during the year	Sales during the year	Cumulative shareholding at the end of the year as on 31st March, 2019	
	No. of shares	% of total shares of the company		No. of shares	No. of shares	No. of shares	% of total shares of the company
1. Shyamadevi Omprakash Agrawal	603150	2.59%	-	-	-	603150	2.59%
2. Rachnadevi Raju Agarwal	210850	0.90%	08.02.2019	31775	-	242818	1.04%
			15.02.2019	193	-		
3. Ajay Goyal	132371	0.57%	29.03.2019	11729	-	144100	0.62%
4. Brijeshkumar Patel	132966	0.57%	-	-	-	132966	0.57%
5. Vijay Garg	125089	0.54%	-	-	-	125089	0.54%
6. Usha Singal	122287	0.52%	-	-	-	122287	0.52%
7. Sunaina Nareshkumar Saraf	107998	0.46%	-	-	-	107998	0.46%
8. Suresh Poonati	105002	0.45%	-	-	-	105002	0.45%
9. Chandra Prakash Gupta*	47100	0.2%	16.11.2018	2557	-	80145	0.34%
			23.11.2018	18488	-		
			30.11.2018	12000	-		
10. Sanjay Goyal	78644	0.34%	-	-	-	78644	0.34%
11. Madhuri Gupta	32316	0.14%	29.09.2018	46000	-	78316	0.34%
12. Veenu Garg#	75565	0.32%	-	-	-	-	-

Note:

\*Not in the list of top 10 shareholders as on 01/04/2018. The same has been reflected above since the shareholders were one of the top ten shareholders as on 31/03/2019.

#Ceased to be in the list of top 10 shareholders as on 31/03/2019. The same is reflected above since the shareholders were one of the top 10 shareholders as on 01/04/2018.

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

Mr. Krishan Kumar Goyal (Chairman & Managing Director) and Mr. Ashwani Kumar Aggarwal (Executive Director) hold 22,97,343 and 400 shares respectively at the beginning and at the end of the year. Mr. Mukesh Sehgal, GM (Corporate Finance) and CFO hold Nil equity shares at the beginning and at the end of the year. There was no increase or decrease in the shareholding of Directors or KMP during the year.

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year as on 1<sup>st</sup> April,2018</b>				
i) Principal Amount	1,16,32.34	50,66.00	-	1,66,98.34
ii) Interest due but not paid	81.78	-	-	81.78
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,17,14.12</b>	<b>50,66.00</b>	<b>-</b>	<b>1,67,80.12</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	-	-	-
- Reduction	1,38.05	75.70	-	2,13.75
<b>Net Change</b>	<b>1,38.05</b>	<b>75.70</b>	<b>-</b>	<b>2,13.75</b>
<b>Indebtedness at the end of the financial year as on 31<sup>st</sup> March,2019</b>				
i) Principal Amount	1,14,94.29	49,90.30	-	1,64,84.59
ii) Interest due but not paid	81.78	-	-	81.78
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1,15,76.07</b>	<b>49,90.30</b>	<b>-</b>	<b>1,65,66.37</b>

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

The remuneration of Directors and Key Managerial Personnel appears in the Corporate Governance Report and Relevant Note of the Balance Sheet.

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

The penalty as imposed by BSE appear in the Corporate Governance Report.

By order of the Board of Directors  
For Modern Dairies Limited

Place: Chandigarh  
Dated: 13<sup>th</sup> August, 2019

Krishan Kumar Goyal  
Chairman & Managing Director  
DIN: 00482035



**ANNEXURE 'C' TO DIRECTORS' REPORT**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2019.

**FORM 'A'****A) POWER AND FUEL CONSUMPTION**

	Current year 2018-19	Previous Year 2017-18
<b>POWER</b>		
<b>a) Electricity Power</b>		
Purchase Units (Kwh)	1,29,64,809	1,28,74,680
Total Amount Rs.	10,00,37,474	10,13,28,802
Rate per Unit Rs.	7.72	7.87
<b>b) Other Generation</b>		
<b>Through Diesel Generator</b>		
Unit (Kwh)	1,99,604	55,061
Total Amount Rs.	39,43,014	9,30,402
Unit per litre of Diesel Oil	3.25	3.24
Cost / Unit Rs.	19.75	16.90
<b>FUEL</b>		
Quantity (MT)	19,662	17,662
Total Amount Rs.	7,23,84,092	5,85,54,203
Rate / Unit Rs. per MT	3,681.49	3,315.22

**B) CONSUMPTION PER UNIT OF PRODUCTION**

Products: Liquid Milk, Skimmed Milk Powder, Whole Milk Powder, Dairy Whitener, Pure Ghee, Butter, Casein, WPC, Lactose etc.

Unit per 1000 kgs. of milk processed

Electricity (kwh)	83.55	100.50
Fuel Quantity (Kgs.)	109.50	122.42

**NOTE:**

As the Company manufactures several products, it is impracticable to apportion the utilities to different products. However, consumption of electricity and fuel has been given per thousand kgs. of milk processed.

**FORM 'B'****1. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The Company is regularly working on the continual improvement of its products looking at its customers / market requirements.

**2. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars with regard to Foreign Exchange earnings and outgo appear on the relevant note of the Balance Sheet.

By order of the Board of Directors  
For Modern Dairies Limited

Place: Chandigarh  
Dated: 13<sup>th</sup> August, 2019

Krishan Kumar Goyal  
Chairman and Managing Director  
DIN: 00482035

## CORPORATE GOVERNANCE REPORT

In line with the requirement for providing a “Report on Corporate Governance” as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 of the Stock Exchange as applicable, given below is a Report on Company’s Corporate Governance norms:

### 1. COMPANY’S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Modern Dairies Limited is committed in adopting the best practices of Corporate Governance.

The Company endeavors to act on the principles of transparency, accountability, trusteeship, integrity and passion. The ultimate objective being of realizing long term shareholders values, while taking into account the interest of other stakeholders.

### 2. BOARD OF DIRECTORS

#### A. Composition and category of the Board of Directors

A list of Directors including the Chairman of the Board and their status as Executive/Non-Executive and Independent/Non- Independent for the year ended on 31<sup>st</sup> March, 2019 is set out below:

Name of the Director	Category of the Director	No. of Board meetings attended	Last AGM attended	No. of other Directorships in Public Company	No. of Committee positions held		Relationship with directors inter-se
					Chairman	Member	
Mr. Krishan Kumar Goyal	Chairman & Mg. Director Non Independent (Promoter) Director	3	Yes	1*	-	-	NA
Dr. Bhupendra Nath Mathur	Non-Executive Independent Director	1	Yes	-	-	2	NA
Prof. Satish Kapoor	Non-Executive Independent Director	4	No	-	2	-	NA
Dr. A.K. Vashisht	Non-Executive Independent Director	4	Yes	-	-	1	NA
Dr. Renu Vig	Non-Executive Independent Director	1	No	-	-	-	NA
Mr. A.K. Aggarwal	Non Independent Executive Director	4	Yes	-	-	2	NA

\* Mr. Krishan Kumar Goyal is also a Chairman and Managing Director in Modern Steels Limited.

**Note:** In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies (listed/unlisted) have been considered.

#### B. Board Meetings and Attendance

During the financial year ended on 31<sup>st</sup> March, 2019, four meetings of Board of Directors were held. The details of Board Meetings held during the year are as under:

Date of Board Meeting	Board’s Strength	No. of Directors Present
29 <sup>th</sup> June, 2018	6	3
11 <sup>th</sup> August, 2018	6	5
10 <sup>th</sup> November, 2018	6	5
14 <sup>th</sup> February, 2019	6	4

None of the non- executive Directors are holding any equity shares in the Company.

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

Industry knowledge and Experience	Understanding of the relevant laws, rules, regulation, policies applicable to the organisation.
	Understanding of the best Corporate Governance practices, relevant governance codes, governance structure, processes and practices followed by the organisation.
	Understanding of business ethics, ethical policies, codes and practices of the organisation.
	Understanding of the structures and systems which enable the organisation to effectively identify, assess and manage risk and crisis.

- D. The Board hereby confirms that the independent directors fulfill the conditions specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) and are independent of the management.

**3. AUDIT COMMITTEE**

**a. Terms of reference of Audit Committee**

- (1) oversight of the listed entity'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 judgment 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 utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, 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) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- (21) Carrying out any other function as is mentioned in the terms of reference of the 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;
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- (6) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**b. Composition of Audit Committee**

- i. The Company has an Audit Committee as per provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Section 177 of the Companies Act, 2013. Prof. Satish Kapoor, Dr. Bhupendra Nath Mathur, Dr. A.K. Vashisht and Mr. A.K. Aggarwal are the members of the Committee.
- ii. The Chairperson of the Audit Committee, Prof. Satish Kapoor is a Non-Executive Independent Director.
- iii. All of the above Directors are financially literate and have accounting and related financial management expertise.
- iv. The Chairman of the Audit Committee was not present at the last Annual General Meeting due to his preoccupation but the others members of the Audit Committee were present at the Annual General Meeting to answer the Shareholders queries.
- v. The Company Secretary of the Company is the Secretary of the Audit Committee.

**c. Meetings and attendance of Audit Committee**

The Committee met four times during the year on 29<sup>th</sup> June, 2018, 11<sup>th</sup> August, 2018, 10<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019. The status of attendance of members at the Audit Committee held during the year 2018-19 is as under:

Name of Director	No. of Meetings held	No. of Meetings attended
Prof. Satish Kapoor	4	4
Dr. Bhupendra Nath Mathur	4	1
Dr. A.K. Vashisht	4	4
Mr. A.K. Aggarwal	4	4

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted a Nomination and Remuneration Committee as per Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

##### a. The terms of reference of the Committee are as follows:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- (6) recommend to the board, all remuneration, in whatever form, payable to senior management.

All members of the Nomination and Remuneration Committee are non-executive and persons of repute and have sound knowledge of management practices.

##### b. Composition of Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee is as under:

Name of Director	Member/Chairman
Dr. Bhupendra Nath Mathur	Chairman
Prof. Satish Kapoor	Member
Dr. A.K. Vashisht	Member

##### c. During the year, one meeting of the Committee was held on 29<sup>th</sup> June, 2018.

Name of Director	No. of Meetings held	No. of Meetings attended
Dr. Bhupendra Nath Mathur	1	0
Prof. Satish Kapoor	1	1
Dr. A.K. Vashisht	1	1

**d. Performance evaluation criteria:** A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for FY 2018-19. Led by the Nomination and Remuneration Committee ('NRC'), the evaluation was carried out using individual questionnaires covering composition of Board, conduct as per Company values & beliefs, contribution towards development of strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

**5. REMUNERATION OF DIRECTORS**

The Executive Directors are paid remuneration as per the terms approved by the Board of Directors and confirmed by the shareholders of the Company. Service contracts are entered into in terms of regulations governing their appointment and terms of remuneration. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company etc. The remuneration structure comprises Basic Salary, Perquisites and Allowances, contribution to Provident Fund and other funds in accordance with various related provisions of the Companies Act, 2013. The Non-Executive Directors are paid sitting fee of Rs. 20,000 per Board Meeting and Rs.10,000 for Committee Meetings attended by them.

**a. Details of Remuneration paid to the Directors during the financial year ended 31<sup>st</sup> March, 2019**

Amount in Rs.

Name of the Director	Salary	Perquisites	Benefits/PF	Stock Option	Sitting Fee	Total
Mr. Krishan Kumar Goyal	30,00,000	-	-	-	-	30,00,000
Dr. Bhupendra Nath Mathur	-	-	-	-	40,000	40,000
Prof. Satish Kapoor	-	-	-	-	1,70,000	1,70,000
Dr. A.K. Vashisht	-	-	-	-	1,30,000	1,30,000
Dr. Renu Vig	-	-	-	-	20,000	20,000
Mr. A.K. Aggarwal	17,80,484	8,60,508	21,366	-	-	26,62,358

- b. There was no pecuniary relationship or transactions of the non-executive Directors viz-a-viz the Company.
- c. The non-executive Directors are not paid any remuneration except the sitting fees for attending the Board/Committee meetings.

**6. STAKEHOLDERS RELATIONSHIP COMMITTEE**

- a. The Company has formed a Stakeholders Relationship Committee as per Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The role of the committee shall inter-alia include the following:

- (1) 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.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) 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.
- (4) 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.

- b. The list of present members and the Chairman of the Committee is as follows:

Name of Director	Member/Chairman
Prof. Satish Kapoor	Chairman
Dr. Bhupendra Nath Mathur	Member
Mr. A.K. Aggarwal	Member

- c. Ms. Heena Garg resigned from the post of Company Secretary and Compliance Officer w.e.f 26<sup>th</sup> February, 2019.
- d. During the financial year ended 31<sup>st</sup> March, 2019, four meetings of the Stakeholders Relationship Committee were held on 29<sup>th</sup> June, 2018, 11<sup>th</sup> August, 2018, 10<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019.

Name of Director	No. of Meetings held	No. of Meetings attended
Prof. Satish Kapoor	4	4
Dr. Bhupendra Nath Mathur	4	1
Mr. A.K. Aggarwal	4	4

e During the year 2018-2019, the Company has received Nil complaints.

#### 7. SHARE TRANSFER COMMITTEE

For the expeditious disposal of the share transfer and allied services, Company has formed a Share Transfer Committee to look into and decide matters pertaining to share allotment, transfer, duplicate share certificates and related matters.

#### 8. BANKING AND FINANCE COMMITTEE

The Company has formed a Banking and Finance Committee under the Chairmanship of Prof. Satish Kapoor. Mr. A. K. Aggarwal and Dr. A.K. Vashisht are the members of the Committee.

The Committee oversees the Company's banking operations and borrowing from banks and financial institutions and allied matters, which otherwise require the consent of Board of Directors.

No meeting of the Committee was held during the year.

#### 9. ALLOTMENT COMMITTEE

The Company has formed an Allotment Committee, the composition of which is as follows:

Name of Director	Member/Chairman
Prof. Satish Kapoor	Chairman
Mr. A.K. Aggarwal	Member

The Committee approves the allotment of Securities i.e. Shares/Debentures/Warrants etc. from time to time.

During the year, no meeting of the Committee was held.

#### 10. GENERAL BODY MEETINGS

Financial Year	Location	Date	Time
2015-16	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	30 <sup>th</sup> September, 2016	11.00 A.M.
2016-17	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	11 <sup>th</sup> September, 2017	11.00 A.M.
2017-18	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	28 <sup>th</sup> September, 2018	11.00 A.M.

During the year, no Extraordinary General Meeting of the Company was held.

Special Resolutions passed in previous three AGMs:

- (i) In the 24<sup>th</sup> AGM dated 30<sup>th</sup> September, 2016, the following Special Resolutions were passed:
  - (a) Appointment of M/s. Aaryaa & Associates, Chartered Accountants as Statutory Auditors of the Company and fixation of their remuneration.
  - (b) Approval of change in the terms and conditions of the Optionally Convertible Debentures (OCDs) allotted to State Bank of India.
- (ii) In the 25<sup>th</sup> AGM dated 11<sup>th</sup> September, 2017, the following Special Resolutions were passed:
  - (a) Re-appointment of Mr. Krishan Kumar Goyal as Chairman and Managing Director of the Company.
  - (b) Re-appointment of Mr. Ashwani Kumar Aggarwal as Executive Director of the Company.
- (iii) In the 26<sup>th</sup> AGM dated 28<sup>th</sup> September, 2018, no Special Resolution was passed:

The Company has not passed any resolution through postal ballot during the financial year and as of now there is no proposal to pass any resolution through postal ballot.

#### 11. MEANS OF COMMUNICATION

**Quarterly results:** The Quarterly /Half yearly/ Yearly results of the Company, Notice of Board Meeting and information relating to Annual General Meeting, Book Closures is published in The Financial Express and Aaj Samaj i.e. in English and regional language newspaper and is also notified to the Stock Exchange as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In addition, the Company also files quarterly results, Shareholding Pattern etc. in such form so as to enable Stock Exchange to put it on their website.

**Website:** www.moderndairies.com

**Annual Report:** The Annual Report containing Audited Financial Statement, Directors' Report, Auditors' Report, Corporate Governance Report is circulated to the members by email or by post.

**BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):** BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, media releases, among others are also filed electronically on the Listing Centre.

**SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web based complaints redress system. The salient features of this system are: centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned Companies and online viewing by investors of actions taken on the complaint and its current status.

**Designated email-id:** The Company has designated following email ID exclusively for Investor Servicing: secretarial@moderndairies.com

**Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders.**

### GENERAL SHAREHOLDER INFORMATION

#### 1. Company Registration Details:

The Company is registered in the State of Haryana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74899HR1992PLC032998.

#### 2. Annual General Meeting:

Day, Date & Time: Saturday, the 28<sup>th</sup> September, 2019 at 11:30 A.M.  
Venue: 136 K.M., G.T. Road, Karnal 132 001 (Haryana)

#### 3. Financial Calendar for:

Adoption of Results for the quarter ended:	In the Month of (tentative)
30 <sup>th</sup> June, 2019	August, 2019 (2 <sup>nd</sup> week)
30 <sup>th</sup> September, 2019	November, 2019 (2 <sup>nd</sup> week)
31 <sup>st</sup> December, 2019	February, 2020 (2 <sup>nd</sup> Week)
31 <sup>st</sup> March, 2020	May, 2020
Annual General Meeting	By September, 2020

#### 4. Book Closure Date:

From 21<sup>st</sup> September, 2019 to 28<sup>th</sup> September, 2019 (both days inclusive)

#### 5. Listing on Stock Exchanges:

Your Company's shares are listed at BSE Limited (BSE).



**6. Stock Code:**

BSE: 519287

ISIN No. Equity: INE617B01011

Optionally Convertible Debentures (OCDs): INE617B08016

**7. Stock Data:**

Month	MODERN DAIRIES LTD. ON BSE				BSE SENSEX		
	High Rs.	Low Rs.	Close Rs.	Volume	High	Low	Close
<b>2018</b>							
April	8.09	6.32	6.58	182463	35213.30	32972.56	35160.36
May	6.88	5.39	6.00	109263	35993.53	34302.89	35322.38
June	6.27	5.15	5.20	111606	35877.41	34784.68	35423.48
July	5.38	3.39	3.99	125682	37644.59	35106.57	37606.58
August	6.98	4.17	6.34	171790	38989.65	37128.99	38645.07
September	6.46	4.90	4.90	96492	38934.35	35985.63	36227.14
October	4.85	3.55	4.44	62283	36616.64	33291.58	34442.05
November	7.52	4.22	5.57	199090	36389.22	34303.38	36194.30
December	5.40	3.93	4.12	79935	36554.99	34426.29	36068.33
<b>2019</b>							
January	4.85	3.81	4.75	108014	36701.03	35375.51	36256.69
February	5.43	3.90	4.78	249336	37172.18	35287.16	35867.44
March	7.00	4.55	5.13	107340	38748.54	35926.94	38672.91

**8. Registrars and Share Transfer Agents (For Physical as well as for Demat Segment):**

M/s. MCS Share Transfer Agent Limited

F- 65, First Floor, Okhla Industrial Area, Phase-I, New Delhi - 110 020.

Tel.No. : +91-11- 41406149 , Fax No.: +91-11- 41709881.

E-mail : admin@mcsregistrars.com, Website: www.mcsregistrars.com.

All shareholders of the Company can avail online services from our Registrars & Share Transfer Agents M/s. MCS Share Transfer Agent Limited, with regard to Investor Grievances. Please login on the site of M/s. MCS Share Transfer Agent Limited at [www.mcsregistrars.com](http://www.mcsregistrars.com) and click on Investors Services and you can register your queries/grievances and details as required by you. The registered queries/grievances on the site will be responded by M/s. MCS Share Transfer Agent Limited on priority basis.

**9. Share Transfer System:**

**92.41%** of the equity shares of the Company are in the electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with M/s. MCS Share Transfer Agent Limited or with Company at their mentioned addresses.

**10. Distribution of Shareholdings as on 31<sup>st</sup> March, 2019:**

SHAREHOLDING		SHAREHOLDERS		NO. OF SHARES	
From	To	Number	% of total	Number	% of total
1	500	11821	80.22	2589419	11.10
501	1000	1451	9.85	1208493	5.18
1001	2000	666	4.52	1067276	4.58
2001	3000	239	1.62	622153	2.67
3001	4000	99	0.67	355937	1.53
4001	5000	123	0.84	584060	2.50
5001	10000	171	1.16	1298345	5.57
10001	50000	135	0.92	2736881	11.74
50001	100000	9	0.06	649308	2.78
100001	And above	21	0.14	12207989	52.35
<b>TOTAL</b>		<b>14735</b>	<b>100</b>	<b>23319861</b>	<b>100.00%</b>

**Shareholding Pattern of the Company as on 31<sup>st</sup> March, 2019:**

Category	No. of shares held	%age of shareholding
1. Promoters & Promoter Group	10654779	45.70%
2. Mutual Funds & Banks	9400	0.04%
3. Bodies Corporate (not included above)	565421	2.42%
4. Indian Public	11645406	49.94%
5. NRIs/OCBs	444855	1.9%
<b>TOTAL</b>	<b>23319861</b>	<b>100.00%</b>

**11. Dematerialization of Shares:**

The trading in Company's shares is permitted only in dematerialised form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Share Dematerialization record: The following data indicates the extent of Dematerialization of Company's shares as on 31<sup>st</sup> March, 2019:

<b>No. of Shares : 2,15,50,184</b>	<b>92.41% of the total equity.</b>
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**12. Commodity price risk or foreign exchange risk and hedging activities:**

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given.

**13. Plant Location of the Company:**

Registered Office & Works: 136 K.M., G.T. Road, Karnal 132 001(Haryana).

**14. Correspondence Address:**

All queries of investors regarding the Company's shares in Physical/D'mat form may be sent at the following addresses:

Modern Dairies Limited  
 SCO 98-99, Sub City Centre  
 Sector 34, Chandigarh-160022  
 Tel.: +91-172- 2609001, 2609002, 2609003  
 Fax.: +91-172- 2609000  
 E-mail:secretarial@moderndairies.com  
 Company's Website: www.moderndairies .com

M/s. MCS Share Transfer Agent Limited  
 F- 65, First Floor, Okhla Industrial Area  
 Phase-I, New Delhi 110 020  
 Tel. No. : +91-11- 41406149  
 Fax No.: +91-11- 41709881  
 E-mail : admin@mcsregistrars.com  
 Website: www.mcsregistrars.com

**15. Other Disclosures:**

- a) Disclosure on materially significant related party transactions: Nil
- b) Details of non-compliance by listed Company, penalties:  
BSE Ltd. imposed a penalty of Rs. 4,52,176/- for delay in financial results for the quarter and year ended 31<sup>st</sup> March, 2018. The Company duly paid the said amount.
- c) Detail of establishment of vigil mechanism, whistle blower policy:  
The Company has established a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Directors and employees to report concerns about unethical behavior. No person is denied access to the Chairman of the Audit Committee.
- d) Details of compliance with mandatory requirements:  
The Company is complying with all the mandatory requirements as given by Stock Exchange/Registrar of Companies.
- e) The Company is not having any subsidiary, therefore no policy for determining material subsidiaries.
- f) A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.  
The Certificate of Company Secretary in practice is annexed herewith as a part of the report.
- g) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part. Details relating to fees paid to the Statutory Auditors are given in Relevant Note to the Financial Statements.
- h) Your Company has in place a policy on Prevention of Sexual Harassment at workplace. This policy is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees are covered under this Policy.  
As per the said Policy, an Internal Complaints Committee is also in place to redress complaints received regarding sexual harassment. No complaints were received during financial year 2018-19.

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**Declaration regarding compliance by the Board Members and Senior Management Personnel with the Company's code of conduct.**

The Shareholders,

I, Krishan Kumar Goyal, Chairman and Managing Director of the Company do hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct adopted by the Board of Directors, as applicable to the Board of Directors and Senior Management of the Company.

Place : Chandigarh  
Date : 13<sup>th</sup> August, 2019

Krishan Kumar Goyal  
Chairman and Managing Director  
DIN: 00482035

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**To,  
The Members of  
Modern Dairies Limited**

We have examined the compliance of the conditions of the Corporate Governance by Modern Dairies Limited for the year ended 31<sup>st</sup> March, 2019, as stipulated in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that no investor grievance is pending for a period of exceeding one month against the Company as per the records maintained by the Stakeholder Relationship Committee of the Company.

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

For B.K. Gupta and Associates  
Company Secretaries

Sd/-  
(Bhupesh Gupta)  
FCS- 4590  
CP-5708

Place: Chandigarh  
Date: 13<sup>th</sup> August, 2019

**CERTIFICATE**

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s Modern Dairies Limited, having its Registered office at 136 K.M., G.T. Road, Karnal- 132001(Haryana) and also the information provided by the Company, its officers, agents and authorized representatives, we hereby report that during the Financial Year ended on March 31, 2019, in our opinion, none of the director on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

For B.K. Gupta and Associates  
Company Secretaries

Sd/-  
(Bhupesh Gupta)  
FCS- 4590  
CP-5708

Place: Chandigarh  
Date: 13<sup>th</sup> August, 2019

**INDEPENDENT AUDITORS' REPORT**

To

The Members of Modern Dairies Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Modern Dairies Limited, which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year ended, and a summary of significant accounting policies and other explanatory information.

**OPINION**

We have audited the standalone financial statements of Modern Dairies Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of Profit and Loss, (statement of changes in equity) and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the **Basis for Qualified Opinion** section of our report and **Emphasis of Matters**, the aforesaid financial statements give a true and fair view in conformity with the accounting principles, of the state of affairs of the Company as at March 31, 2019 and profit/loss, (changes in equity) and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

- I. Director's remuneration is not admissible as prescribed in Sec-197 of Companies Act, 2013 except in accordance with the provision of Schedule V and if it is not able to comply with such provisions, the prior approval of lenders is required.

*The Company is not eligible to pay director remuneration for non-compliance of conditions prescribed in schedule V of the Companies Act, 2013. During the year, the Company has given the director remuneration to Mr. Krishan Kumar Goyal (Chairman & Managing Director) amounting to Rs. 30,00,000 and Mr. Ashwani Kumar Goyal (Executive Director) amounting to Rs. 26,62,358.*

Apart from the managerial remuneration for year ended 31<sup>st</sup> March, 2019, as mentioned above the company has paid director remuneration of **Rs. 55,48,884** till 31<sup>st</sup> March, 2018 without complying the provisions of Schedule V of the Companies Act, 2013.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under

section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**EMPHASIS OF MATTER****(A) Assignment of SBI debt to ARC**

A lender bank of the company viz. State Bank of India (SBI) has assigned its loans and other facilities along with underlying financial documents together with all the rights, title and interest to Edelweiss Asset Reconstruction Company Limited, acting in its capacity as trustee of the EARC Trust- SC 306 for the benefits of the holders of the Security Receipts issued by the trustee thereunder.

During the reporting period there has been no written agreement between the Company and Edelweiss Asset Reconstruction Company Limited to crystallise the amount payable and interest thereon to them, hence the said debt, till then, is continued to be shown as payable to SBI instead of Edelweiss Asset Reconstruction Company Limited.

**(B) One Time Settlement (OTS) with PNB**

The company had proposed their OTS offer to Punjab National Bank (PNB). The bank has approved the same. The company has, however, requested to the bank for extension of the period of repayment of OTS amount.

**(C) Interest provisioning on facilities from Consortium Banks & Optionally Convertible Debentures:**

The Company's various credit facilities, including Optionally Convertible Debentures have been declared "Non-Performing Assets"/ recalled by its respective banks. There is a usual practice that banks discontinue to account for as "income" in respect to the accrued interest on such assets, subsequent to the declaration of these as "Non-Performing Assets". The Bankers of the Company too have not accounted as "income" in respect to the interest subsequent to NPA declaration date. In order to achieve the desired congruency on this issue & uncertainty of the amount liable to be paid, the management of the company has not provided for

such interest i.e. interest on credit facilities subsequent to the date of declaration of these credit facilities as non-performing. Such interest amounts to Rs. 24.55 Crores (including on the assigned debts of SBI) which has resulted in the understatement of current liabilities and losses by Rs. 24.55 Crores. Even though the debts of SBI have been assigned to Edelweiss Asset Reconstruction Company Limited, in absence of any express agreement between the company and Edelweiss Asset Reconstruction Company Limited, no interest has been accounted for in this respect.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **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 sub-section (11) of section 143 of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified

as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the 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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - There has been no delay in transferring amounts, required to be transferred, to the

Investor Education and Protection Fund by the Company.

FOR AARYAA & ASSOCIATES  
Chartered Accountants  
(Firm Registration No. 015935N)

CA Harsharanjit Singh Chahal  
Partner  
Membership No. 091689

Place : Chandigarh  
Date: 30<sup>th</sup> May, 2019

**ANNEXURE TO THE AUDITORS' REPORT**

The Annexure referred to in our report to the members of the company for the year ended 31<sup>st</sup> March, 2019. To the best of our knowledge and belief and information & explanation given to us, we further report that:-

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) According to information and explanations given to us, the title deeds of all the immovable properties (which are included under the head "fixed assets") are mortgaged with banks from which borrowings are obtained by the Company. The Company has maintained certified copies of the title deeds. Based on our examination of these records and other sufficient appropriate audit evidences, in our opinion, the title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
- (ii) The inventory of the company has been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed.
- (iii) The company has not granted loans, secured or unsecured to Companies, Firms or other parties covered in the Register maintained u/s 189 of the Company Act 2013 during the year.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, good and service tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, goods and service tax and value added tax on account of any dispute, are as follows:

**Statement of Disputed Dues**

Name of the statute	Nature of dues	Amount (₹) in lakhs	Amount paid under protest (₹) in lakhs	Period to which the amount relates	Forum where dispute is pending
The Haryana Murrah Buffalo and Other Milk Animal Breed(Preservation and Development of Animal Husbandry and Dairy Development Sector)Act, 2001	Milk Cess	17,76.01	5,91.00	2001-02 to 2016-17	Hon'ble Supreme Court of India
The Haryana Murrah Buffalo and Other Milk Animal Breed(Preservation and Development of Animal Husbandry and Dairy Development Sector)Act, 2001	Interest on milk cess	25,39.34	-	2001-02 to 2016-17	Hon'ble Supreme Court of India



Central Excise Act, 1944	CENVAT credit interest	77.21	77.21	2005-06, 2006-07	Custom Excise and Service Tax Appellate Tribunal.
Central Excise Act, 1944	CENVAT credit interest	1,78.85	15	2007-08 to 2009-10	Custom Excise and Service Tax Appellate Tribunal.
Customs Act, 1962	Penalty and redemption fine	10.6	10.6	2011-12	Commissioner of Customs (Appeals)
Haryana Tax on Entry of Goods into Local Areas Act, 2003	Entry Tax	1,64.58	-	2007-08 to 2018-19	Hon'ble Supreme Court of India

(viii) During the year ended 31 March 2019, the Company has defaulted on timely payment of principal and interest on term loans and cash credits and The lender wise details with respect to amount outstanding as on 31.03.2019 is as under:

Sr. No.	Name of the bank	Amount of default (in Lakhs)	Date of default
1	Punjab National Bank	1,02,69.57	30.11.2015
2	State Bank of India	39,95.51	30.11.2015
3	Canara Bank	21,94.51	31.10.2015

\*It doesn't include interest of Rs. 6217.96 lacs not provided in books regarding various loans and non- convertible debentures till 31st March 2019.

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments and term loans during the year).
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not obtained the requisite approval mandated by the provisions of section 197 read with schedule V to the Companies Act for the payment of managerial remuneration. The details of the same have been mentioned in the "Basis of Qualified Opinion" section of Audit Report.
- (xii) In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special/statute applicable to Nidhi Company are not applicable to it.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind-AS.
- (xiv) During the year under review, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the Directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For AARYAA & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 0015935N

CA Harsharanjit Singh Chahal  
Partner  
Membership No. 091689

Place: Chandigarh  
Dated: 30<sup>th</sup> May, 2019

## **Annexure 2**

**Annexure to the Independent Auditor's Report of even date to the members of Modern Dairies Limited, on the financial statements for the year ended 31st March, 2019**

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the financial statements of Modern Dairies Limited ("the Company") as of and for the year ended 31<sup>st</sup> March 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by Institute of Chartered Accountants of India. 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 the company's 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**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. 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 IFCoFR.

### **Meaning of Internal Financial Controls over Financial Reporting**

6. A Company's IFCoFR 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 IFCoFR 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 over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For AARYAA & ASSOCIATES**  
Chartered Accountants  
(Firm Registration No. 015935N)

Place: Chandigarh  
Date: 30<sup>th</sup> May, 2019

CA Harsharanjit Singh Chahal  
Partner  
Membership no. 091689

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**
*(All amounts in ₹ lakhs, unless stated otherwise)*

Particular	Notes	As at 31 March 2019	As at 31 March 2018
<b><u>I ASSETS</u></b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	76,22.98	76,77.00
(b) Capital work-in-progress		14.47	29.66
(c) Other Intangible assets	3	8.90	9.24
(d) Financial Assets			
(i) Investments	4	1.64	1.64
(ii) Loans	5	7,80.39	8,35.08
		<u>84,28.38</u>	<u>85,52.62</u>
<b>2 Current assets</b>			
(a) Inventories	6	13,77.93	15,97.66
(b) Financial Assets			
(i) Trade receivables	7	30,76.85	9,51.10
(ii) Cash and cash equivalents	8	1,57.63	2,62.84
(iii) Loans & Advances	9	2,00.00	0.19
(c) Other current assets	10	3,17.31	3,16.84
		<u>51,29.72</u>	<u>31,28.63</u>
<b>Total Assets</b>		<b>1,35,58.10</b>	<b>1,16,81.25</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>EQUITY</u></b>			
(a) Equity Share capital	11	23,35.89	23,35.89
(b) Other Equity	12	(1,05,24.33)	(1,11,31.73)
		<u>(81,88.44)</u>	<u>(87,95.84)</u>
<b><u>LIABILITIES</u></b>			
<b>Non-Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	25.00	1,00.70
(b) Provisions	14	75.61	76.75
		<u>1,00.61</u>	<u>1,77.45</u>
<b>3 Current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	17	27,12.23	17,93.02
(ii) Other financial liabilities (other than those specified in item (c))	18	1,67,65.39	1,66,87.40
(b) Other current liabilities	19	3,28.35	2,65.56
(c) Provisions	20	18,39.96	15,53.66
		<u>2,16,45.93</u>	<u>2,02,99.64</u>
<b>Total Liabilities</b>		<b>1,35,58.10</b>	<b>1,16,81.25</b>

This is the balance sheet referred to in our report of even date

For **AARYAA & ASSOCIATES**

Chartered Accountants

For **Modern Dairies Limited**

**CA Harsharanjit Singh Chahal**  
Partner

**Krishan Kumar Goyal**  
(Chairman & Managing Director)  
(DIN: 00482035)

**Ashwani Kumar Aggarwal**  
(Director)  
(DIN: 00486430)

Place : Chandigarh  
Date: 30<sup>th</sup> May, 2019

**Mukesh Sehgal**  
(Chief Financial Officer)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019

(All amounts in ₹ lakhs, unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>REVENUE</b>			
I Revenue From Operations	21	5,60,48.12	4,66,81.08
II Other Income	22	21.01	47.80
<b>III Total Income (I+II)</b>		<b>5,60,69.12</b>	<b>4,67,28.87</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	23	5,01,79.16	4,26,93.77
"Changes in inventories of finished goods, Stock-in-Trade and work-in-progress"	24	4,66.66	15,08.68
Employee benefits expense	25	9,38.45	8,69.98
Finance costs	26	20.15	30.61
Depreciation and amortization expense	27	5,26.55	5,13.56
Other expenses	28	33,32.18	29,69.15
<b>Total expenses (IV)</b>		<b>5,54,63.15</b>	<b>4,85,85.75</b>
<b>V Profit/(loss) before exceptional items and tax (I- IV)</b>		<b>6,05.97</b>	<b>(18,56.88)</b>
VI Exceptional Items		-	-
<b>VII Profit/(loss) before tax (V-VI)</b>		<b>6,05.97</b>	<b>(18,56.88)</b>
<b>VIII Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>IX Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>6,05.97</b>	<b>(18,56.88)</b>
<b>X Profit/(loss) for the period (IX+XII)</b>		<b>6,05.97</b>	<b>(18,56.88)</b>
<b>XI Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		1.39	3.18
<b>XII Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>6,07.36</b>	<b>(18,53.70)</b>
<b>XIII Earnings per equity share (for continuing operation):</b>			
(1) Basic		2.60	(7.96)
(2) Diluted		2.60	(7.96)
<b>XIV Earnings per equity share (for discontinued &amp; continuing operations)</b>			
(1) Basic		2.60	(7.96)
(2) Diluted		2.60	(7.96)

This is the statement of profit and loss referred to in our report of even date

For **AARYAA & ASSOCIATES**  
Chartered AccountantsFor **Modern Dairies Limited****CA Harsharanjit Singh Chahal**  
Partner**Krishan Kumar Goyal**  
(Chairman & Managing Director)  
(DIN: 00482035)**Ashwani Kumar Aggarwal**  
(Director)  
(DIN: 00486430)Place : Chandigarh  
Date: 30<sup>th</sup> May, 2019**Mukesh Sehgal**  
(Chief Financial Officer)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019**
*(All amounts in ₹ lakhs, unless stated otherwise)*

Particulars	For the period ended 31 March 2019	For the year ended 31 March 2018
<b>A Cash flow from operating activities:</b>		
Profit/(Loss) after tax and prior period items	6,07.36	(18,53.70)
<b>Adjustments for:</b>		
Depreciation and amortisation	5,26.55	5,13.56
Provision for milk cess	59.06	-
Bad debts	-	2,80.04
Balances written off	2.23	4.37
Liabilities written back	(0.02)	(29.47)
Interest expense	20.15	30.61
Interest income	(9.08)	(15.06)
Employee benefits	22.90	37.04
<b>Operating loss before working capital changes</b>	<b>12,29.15</b>	<b>(10,32.61)</b>
<b>Adjustments for movement in:</b>		
Increase/Decrease in long-term loans and advances	85.66	3.28
Increase/Decrease in inventories	2,19.73	17,80.58
Increase/Decrease in trade receivables	(21,25.75)	15,27.26
Increase/Decrease in other current assets	(2.70)	31.56
Increase/Decrease in short term loans and advances	(1,99.81)	(0.04)
Increase/Decrease in long-term provisions	(1.14)	8.48
Increase/Decrease in trade payables	9,19.23	(6,55.40)
Increase/Decrease in other current liabilities	62.79	(36.44)
Increase/Decrease in short-term provisions	2,04.34	(25.25)
<b>Net cash generated from operations</b>	<b>3,91.50</b>	<b>16,01.42</b>
Taxes paid	30.97	9.83
<b>Net cash generated from operating activities</b>	<b>3,60.53</b>	<b>15,91.59</b>
<b>B Cash flow from investing activities :</b>		
Purchase of fixed assets (including capital work in progress and movement in credit capital goods)	(4,57.00)	(3,27.96)
Sale of non-current investments	-	(0.33)
Interest received	9.08	15.06
<b>Net cash used in investing activities</b>	<b>(4,47.92)</b>	<b>(3,13.23)</b>
<b>C Cash flow from financing activities</b>		
Repayment of long-term borrowings	50.77	(1,07,31.41)
Proceeds from short term borrowings	-	(68,82.55)
Increase/Decrease in Other financial liabilities	77.99	1,64,79.35
Interest/Principal paid	(1,46.61)	1.69
<b>Net Cash used in financing activities</b>	<b>(17.85)</b>	<b>(11,32.92)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,05.25)</b>	<b>1,45.45</b>
Cash and cash equivalents at the beginning of the year	2,62.84	1,17.38
<b>Cash and cash equivalents at the end of the year</b>	<b>1,57.59</b>	<b>2,62.83</b>
<b>Components of cash and cash equivalents:-</b>		
Cash in hand	29.87	15.22
Balances with Scheduled Banks		
In current accounts	1,27.76	2,47.62
<b>Cash and cash equivalents in cash flow statement:</b>	<b>1,57.63</b>	<b>2,62.84</b>

**Note:** The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 (AS-3) on "Cash flow statements" as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

**Notes 1 to 41 form an integral part of these financial statements**

This is the cash flow statement referred to in our report of even date

For **AARYAA & ASSOCIATES**  
Chartered Accountants

For **Modern Dairies Limited**

**CA Harsharanjit Singh Chahal**  
Partner

**Krishan Kumar Goyal**  
(Chairman & Managing Director)  
(DIN: 00482035)

**Ashwani Kumar Aggarwal**  
(Director)  
(DIN: 00486430)

Place : Chandigarh  
Date: 30<sup>th</sup> May, 2019

**Mukesh Sehgal**  
(Chief Financial Officer)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**1. CORPORATE INFORMATION**

Modern Dairies Limited (the Company) is a public listed company incorporated under the provisions of the Companies Act, 1956 on 22<sup>nd</sup> April, 1992. The Company is engaged in manufacturing of Milk products.

**2. SIGNIFICANT ACCOUNTING POLICIES****2.1) Basis of preparation of Financial Statements****i) Statement of Compliance**

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and relevant provisions of the Companies Act, 2013 and other accounting pronouncements of The Institute of Chartered Accountants of India.

**ii) Basis of Preparation**

Effective from 1 April 2017, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind-AS 101, "First Time Adoption of Indian Accounting Standards, with 1 April 2016 as the transition date. The transition was carried out from Indian Accounting principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**iii) Classification of Assets and liabilities as Current and Non-Current.**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of its assets and liabilities.

The Company's various credit facilities declared as NPA for which one time settlement was pending have been recalled by the bank and as such the amounts of such term loans and corporate loans including OGDs have been reclassified into current liabilities instead of earlier classification as non-current liabilities.

**2.2) Use of Estimates**

The preparation of financial statements, in conformity with Ind-AS require estimates and assumptions to be made by management, that may affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Changes in the estimates are reflected in the financial statements in the period changes are made, and if material their effects are disclosed in the notes to the financial statements.

**2.3) Property, Plant and Equipment and Depreciation**

Under the Indian GAAP, Property, plant and equipment were carried in the balance sheet on historical cost. The company has elected to regard the carrying values as deemed cost as per Para D7AA of Ind-AS 101 as on transition date i.e. 1<sup>st</sup> April, 2016.

All tangible fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and other expenses directly incidental to acquisition, bringing the asset to the location and installation including site restoration up to the time when the asset is ready for intended use. Such Costs also include Borrowing Cost if the recognition criteria are met. When a major inspection/repair occurs, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

As per the provision of IND AS-16, major spare parts, stand-by equipment and servicing equipment qualify as property, plant and equipment when an entity expects to use them during more than one period and the company has elected to do the same.

Depreciation on tangible fixed assets has been provided on straight-line method according to the Schedule II of the Companies Act 2013.

**Assets held for Disposal**

Assets held for disposal are valued at lower of cost or Net realizable value in accordance with IND AS-105.

**2.4) Intangibles and Amortization**

Intangible assets are recognized if it is probable that the future economic benefits attributable to those assets will flow to the enterprise. Intangibles assets are amortized on straight line basis over their useful lives, which range from 1-5 years, determined on the basis of expected future economic benefits. The amortization period and method would be reviewed at the end of each financial year.

**2.5) Inventories**

The cost in respect of various items of inventory is computed as under:

- i) In case of Raw-material on FIFO Basis (net of GST).
- ii) In case of Work in Progress - Raw Material are valued at monthly average cost basis. Cost for this purpose includes direct cost and all appropriate allocable overheads.
- iii) In case of Finished Goods – Finished goods are valued at Cost or Net realizable value whichever is lower. Cost for this purpose includes direct cost on monthly average cost basis, all appropriate allocable overheads and GST.
- iv) Stock of Stores, spares & Fuel are valued at cost or net realizable value, whichever is lower and cost is computed on FIFO Basis (net of GST). Stocks in working condition are valued at depreciated value or realizable value whichever is less. Disposable and Used Stocks is valued at net realizable value.

**2.6) Foreign Exchange Transaction**

The transactions in Foreign exchange are accounted for at the exchange rates prevailing on the date of the transactions. The current assets and current liabilities are converted at the exchange rate prevailing at the last working day of the accounting year. The resultant gains/losses are recognized in the profit & loss account relating to current assets & current liabilities. Exchange differences on foreign currency transactions relating to fixed assets acquired from a country outside India have been adjusted to revenue.

**Forward Exchange contracts not intended for trading or speculation purpose**

In case of forward exchange contract, the premium or discount arising at the inception of such contract is amortized as income or expense over the life of contract as well as exchange difference on such contract i.e. difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception/ the last reporting date, is recognized as income/ expense for the year.

**2.7) Employees Benefits****(a) Short Term Obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the financial reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as provision for employee benefit under short term provisions in the balance sheet.

**(b) Post Employment obligations**

The company operates the following post-employment schemes:

Defined benefit plan such as gratuity, provident fund

**(c) Defined benefit obligations**

The defined benefit obligations (Other than Provident Fund) is calculate annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of related obligation.

The liability or asset recognized in the balance sheet in respect defined benefit obligations (except provident fund) is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets, if any.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income.



Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

**(d) Provident Fund**

Retirement benefits in the form of provident fund and family pension fund whether in pursuance of law or otherwise is accounted on accrual basis and charged to statement of profit and loss of the year.

**2.8) Investments**

**(a) Classification**

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit & loss) and
- Those measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses arising from fair valuation will either be recorded in profit and loss or other comprehensive income. For investments in equity instruments, this will depend on whether the company has made any irrevocable election at the time of initial recognition to account for the equity investment for fair value through other comprehensive income.

**(b) Measurement**

The company measures a financial asset at its fair value and in the case of financial assets not at fair value through profit and loss, at fair value including transaction cost that are directly attributable to the acquisition of the financial asset. Transaction cost of financial asset carried at fair value through profit and loss are expensed in profit or loss.

**2.9) Borrowing Costs**

To capitalize the borrowing costs that is directly attributable to the acquisition or Construction items of property, plant and equipment which take substantial period of time to get ready for their intended use. Other borrowing Costs are recognized as an expense in the year in which they are incurred, except as follows:

**a) Interest provisioning on facilities from Consortium banks & Optionally Convertible Debentures:**

The Company's various credit facilities, including Optionally Convertible Debentures have been declared "Non-Performing Assets"/ Recalled by its respective banks. There is a usual practice that banks discontinue to account for as "income" in respect to the accrued interest on such assets, subsequent to the declaration of these as "Non-performing assets". The bankers of the company too have not accounted as "income" in respect to the interest subsequent to NPA declaration date. In order to achieve the desired congruency on this issue & uncertainty of the amount liable to be paid, the management of the company has not provided for such interest i.e. interest on credit facilities subsequent to the date of declaration of these credit facilities as non-performing. Such interest amounts to Rs. 24.55 Crores (including on the assigned debts of SBI) which has resulted in the understatement of current liabilities and losses by Rs. 24.55. Even though the debts of SBI have been assigned to Edelweiss Asset Reconstruction Company Limited, in absence of any express agreement between the company and Edelweiss Asset Reconstruction Company Limited, no interest has been accounted for in this respect.

**2.10) Assignment of SBI debt to ARC**

A lender bank of the company viz. State Bank of India (SBI) has assigned its loans and other facilities along with underlying financial documents together with all the rights, title and interest to Edelweiss Asset Reconstruction Company Limited, acting in its capacity as trustee of the EARC Trust- SC 306 for the benefits of the holders of the Security Receipts issued by the trustee there under.

During the reporting period there has been no written agreement between the Company and Edelweiss Asset Reconstruction Company Limited to crystallise the amount payable and interest thereon to them, hence the said debt, till then, is continued to be shown as payable to SBI instead of Edelweiss Asset Reconstruction Company Limited.

**2.11) One Time Settlement (OTS) with PNB**

The company had proposed their OTS offer to Punjab National Bank (PNB). The bank has approved the same. The company has, however, requested to the bank for extension of the period of repayment of OTS amount.

**2.12) Financial Instruments**

**a) Recognition and Initial measurement**

The Company recognizes 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 in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities which are carried at fair value through profit or loss (FVTPL), are charged to the statement of profit and loss.

**b) Classification and subsequent measurement of financial assets**

**i) Debt Instruments**

For the purpose of subsequent measurement, financial assets in the nature of debt instruments are classified as follows:

**Amortised cost** - Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss.

**Fair value through other comprehensive income (FVOCI) –**

Financial assets that are held within a business model whose objective is achieved by both holding the asset in order to collect contractual cash flows that are solely payments of principal and interest and by selling the financial assets, are subsequently measured at fair value through other comprehensive income. Changes in fair value are recognized in the other comprehensive income (OCI) and on derecognition, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest income calculated using EIR method and impairment loss, if any are recognised in the statement of profit and loss.

**Fair value through profit or loss (FVTPL)** - A financial asset which is not classified in any of the above categories are subsequently measured at fair valued through profit or loss. Changes in fair value and income on these assets are recognised in the statement of profit and loss.

**ii) Equity Instruments**

The Company has made investment in equity instruments that are initially measured at fair value. These investment are strategic in nature and held on a long-term basis. Accordingly, the company has elected irrevocable option to measure such investments at FVOCI. The Company makes such election on an instrument-by-instrument basis. Pursuant to such irrevocable option, changes in fair value are recognised in the OCI and subsequently not reclassified to the statement of profit and loss.

**c) Classification and subsequent measurement of financial liabilities**

For the purpose of subsequent measurement, financial liabilities are classified as follows:

**Amortised cost –**

Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.

**Fair value through profit or loss (FVTPL) –**

Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

**d) Derecognition of financial assets and financial liabilities**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows including risks and rewards of ownership. A financial liability is derecognised when the obligation under the liability is discharged or expires.

**2.13) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of Excise duty. Revenue is recognized net of returns, trade allowances, rebates, value added taxes and net of amount collected on behalf of the third parties.

**Revenue from Goods**

Revenue from goods comprise of value of sales of products (net of returns) excluding VAT and cash and trade discounts. Sales are recognized with the transfer of significant risk and rewards of ownership of the goods, with the company losing effective control and the recovery of the consideration is probable.

**Revenue from Services**

Revenue from services are recognized in proportion to the stage of completion of transaction at the end of reporting period, and cost incurred in the transaction including same to complete the transaction and revenue (representing economic benefit associated with the transaction) can be measured reliably.

**Interest**

Interest income is recognized on a time proportion basis (accrual basis) taking into account the amount outstanding and the rate applicable.

**2.14) Taxes on Income**

Provision for Taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act 1961. Deferred Tax resulting from timing difference between Book Profits and Tax Profits is accounted for at the applicable rate of tax to extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of deferred tax asset to the extent that is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such right-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**2.15) Impairment of Assets**

As at 31st March 2019 the company has reviewed the future earning of its cash generating unit in accordance with Ind AS 109. As per the Company's said review the carrying amount of the assets does not exceed the future recoverable amount consequently, no adjustment is considered necessary by the management.

**2.16) Provisions for Contingent liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be outflow of resources. Contingent liabilities are disclosed by way notes.

**2.17) Earning Per Share**

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into the account the aggregate of the weighted average number of equity shares outstanding during the period and weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

**2.18) Cash Flow Statement**

Cash and cash equivalents for the purpose of Statement of Cash Flows include bank balances, cheques and drafts on hand, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments that are readily convertible into cash. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of Statement of Cash flows. The cash flow statement has been in accordance with the Ind AS-7 on "Cash Flow Statements" issued by the Companies (Accounting Standard) Rules, 2013.

**2.19) Accounting policies not specifically referred to above are consistent with Indian Accounting Standards.**

**3 Fixed assets  
For the year ended 31st March, 2019**

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As on 1 April 2018	Additions during the year	Sales / Adjustment during the year	As on 31 March 2019	As on 1 April 2018	For the year	Sales / Adjustment during the year	As on 31 March 2019	As on 31 March 2019	"As on 31 March 2018"
		year	year		2018		year	2019	2019	2018"
<b>Tangible assets</b>										
Freehold land	1,89.93	-	-	1,89.93	-	-	-	-	1,89.93	1,89.93
Buildings	12,63.56	8.10	-	12,71.66	1,27.23	61.46	-	1,88.69	10,82.97	11,36.33
Plant and equipment	71,75.50	4,58.75	-	76,34.25	8,68.56	453.96	-	13,22.52	63,11.74	63,06.94
Furniture and fixture	11.40	0.33	-	11.73	5.19	0.98	-	6.17	5.56	6.21
Office equipments	12.94	3.02	-	15.96	5.17	2.44	-	7.61	8.34	7.77
Vehicles	35.05	-	-	35.05	5.23	5.37	-	10.60	24.45	29.82
<b>Total</b>	<b>86,88.38</b>	<b>4,70.20</b>	-	<b>91,58.58</b>	<b>10,11.38</b>	<b>5,24.21</b>	-	<b>15,35.59</b>	<b>76,22.98</b>	<b>76,77.00</b>
<b>Intangible assets</b>										
Computer software	11.84	2.00	-	13.84	2.59	2.34	-	4.93	8.90	9.25
<b>Total</b>	<b>11.84</b>	<b>2.00</b>	-	<b>13.84</b>	<b>2.59</b>	<b>2.34</b>	-	<b>4.93</b>	<b>8.90</b>	<b>9.25</b>
<b>Grand Total</b>	<b>87,00.22</b>	<b>4,72.19</b>	-	<b>91,72.41</b>	<b>10,13.97</b>	<b>5,26.56</b>	-	<b>15,40.53</b>	<b>76,31.89</b>	<b>76,86.25</b>

**For the year ended 31 March 2018**

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As on 1 April 2017	Additions during the year	Sales / Adjustment during the year	As on 31 March 2018	As on 1 April 2017	For the year	Sales / Adjustment during the year	As on 31 March 2018	As on 31 March 2018	"As on 31 March 2017"
		year	year		2017		year	2018	2018	2017"
<b>Tangible assets</b>										
Freehold land	1,89.93	-	-	1,89.93	-	-	-	-	1,89.93	1,89.93
Buildings	12,53.79	9.77	-	12,63.56	66.08	61.15	-	1,27.23	11,36.33	11,87.71
Plant and equipment	68,69.68	3,05.82	-	71,75.50	4,28.30	4,40.26	-	8,68.56	63,06.95	64,41.38
Furniture and fixture	9.89	1.51	-	11.40	3.00	2.19	-	5.19	6.21	6.89
Office equipments	11,10	1.94	0.10	12.94	2.65	2.53	0.01	5.17	7.77	8.45
Vehicles	41.35	-	6.30	35.05	6.00	5.53	6.30	5.23	29.82	35.35
<b>Total</b>	<b>83,75.74</b>	<b>3,19.04</b>	<b>6.40</b>	<b>86,88.38</b>	<b>5,06.03</b>	<b>5,11.66</b>	<b>6.32</b>	<b>10,11.38</b>	<b>76,77.01</b>	<b>76,69.73</b>
<b>Intangible assets</b>										
Computer software	3.89	7.95	-	11.84	0.69	1.90	-	2.59	9.25	3.20
<b>Total</b>	<b>3.89</b>	<b>7.95</b>	-	<b>11.84</b>	<b>0.69</b>	<b>1.90</b>	-	<b>2.59</b>	<b>9.25</b>	<b>3.20</b>
<b>Grand Total</b>	<b>83,79.63</b>	<b>3,26.99</b>	<b>6.40</b>	<b>87,00.22</b>	<b>5,06.72</b>	<b>5,13.57</b>	<b>6.32</b>	<b>10,13.97</b>	<b>76,86.26</b>	<b>76,72.93</b>

4	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
<b>Non-current investments</b>		
<b>Non trade investments (at cost, unquoted)</b>		
Investment in equity shares (unquoted)	1.04	1.04
Aricent Technologies (Holdings) Limited (1,069 equity shares (Previous year 1,069) of ₹ 10 each fully paid up)		
Government securities		
National savings certificates (pledged with sales tax authorities)	0.60	0.60
	<u>1.64</u>	<u>1.64</u>
<b>5 Long-term loans and advances (unsecured considered good, unless otherwise stated)</b>	<b>As at 31 March 2019 Amount in ₹ lakhs</b>	<b>As at 31 March 2018 Amount in ₹ lakhs</b>
Security deposits	1,33.57	2,19.23
Tax Deducted at Source Recoverable	55.82	24.85
Milk cess paid under protest	5,91.00	5,91.00
	<u>7,80.39</u>	<u>8,35.08</u>
<b>6 Inventories</b> (valued at lower of cost and net realisable value)	<b>As at 31 March 2019 Amount in ₹ lakhs</b>	<b>As at 31 March 2018 Amount in ₹ lakhs</b>
<b>Raw materials</b>	2,26.82	43.98
Work-in-progress	28.51	34.39
Finished goods	6,24.76	10,85.54
Stores and spares	2,65.93	2,35.48
Packing materials	2,31.91	1,98.27
	<u>13,77.93</u>	<u>15,97.66</u>
<b>7 Trade receivables(Unsecured)</b>	<b>As at 31 March 2019 Amount in ₹ lakhs</b>	<b>As at 31 March 2018 Amount in ₹ lakhs</b>
Considered doubtful	81.48	1,81.48
Less: Allowance for bad and doubtful debts	81.48	81.48
	-	1,00.00
<b>Considered good</b>	30,76.85	8,51.10
	<u>30,76.85</u>	<u>9,51.10</u>
<b>8 Cash and cash equivalents</b>	<b>As at 31 March 2019 Amount in ₹ lakhs</b>	<b>As at 31 March 2018 Amount in ₹ lakhs</b>
(i) Cash and cash equivalents		
- Cash in hand	29.87	15.22
(ii) - Balances with banks		
in current account	1,27.76	2,47.62
	<u>1,57.63</u>	<u>2,62.84</u>
<b>9 Short-term loans and advances (unsecured considered good, unless otherwise stated)</b>	<b>As at 31 March 2019 Amount in ₹ lakhs</b>	<b>As at 31 March 2018 Amount in ₹ lakhs</b>
Loans and advances to employees	-	0.19
Advance to PNB	2,00.00	-
	<u>2,00.00</u>	<u>0.19</u>
<b>10 Other Current Assets</b>	<b>As at 31 March 2019 Amount in ₹ lakhs</b>	<b>As at 31 March 2018 Amount in ₹ lakhs</b>
Asset Held for Disposal	5.00	5.00
Prepaid expenses	17.11	21.44
Advances to suppliers	29.05	47.39
Advances to Edelwiess	50.00	-
Balances with statutory and government authorities	1,24.14	1,23.98
Others	92.02	1,19.04
	<u>3,17.32</u>	<u>3,16.85</u>

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount in ₹ lakhs	Number	Amount in ₹ lakhs
<b>11 Equity Share capital</b>				
<b>Authorised share capital</b>				
Equity shares of ₹ 10 each	3,00,00,000	30,00.00	3,00,00,000	30,00.00
Equity shares of ₹ 10 each	3,00,00,000	30,00.00	3,00,00,000	30,00.00
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	2,33,19,861	23,31.99	2,33,19,861	23,31.99
<b>Total</b>	2,33,19,861	23,31.99	2,33,19,861	23,31.99
Forfeited shares				
<b>Amount originally paid up</b>	76,900	3.90	76,900	3.90
	2,33,96,761	23,35.89	2,33,96,761	23,35.89

- (a) The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of 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.
- (b) There is no movement in equity share capital during the current year and previous year.
- (c) **Shareholders holding more than 5% of the shares**

	Number	Amount	% of holding	Number	Amount	% of holding
Equity shares of ₹ 10 each						
Alka Goyal	28,28,972	2,82.90	12.13%	28,28,972	2,82.90	12.09%
Krishan Kumar Goyal	22,97,343	2,29.73	9.85%	22,95,943	2,29.59	9.81%
Krishan Kumar Goyal (HUF)	12,80,000	1,28.00	5.49%	12,80,000	1,28.00	5.47%
	<b>64,06,315</b>	<b>6,40.63</b>	<b>27.47%</b>	<b>64,04,915</b>	<b>6,40.49</b>	<b>27.37%</b>

- (d) The Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Company has not issued any bonus shares nor has there been any buy-back of shares in the current year and preceding five years.

## 12 Other Equity

Amount in ₹ lakhs

Particulars	Reserves and Surplus					Total
	Capital Reserve	Securities Premium Reserve	ESOP Outstandings	Retained Earnings	Debt Instruments through other comprehensive income	
<b>Balance as on 31st March, 2017</b>	2,23.74	30,73.42	-	(1,25,75.20)	-	(92,78.04)
Changes in Accounting policy/Prior Period Errors	-	-	-	-	-	-
<b>Restated Balance at the beginning of the Reporting Period</b>	2,23.74	30,73.42	-	(1,25,75.20)	-	(92,78.04)
Profit for the year	-	-	-	(18,56.88)	-	(18,56.88)
Other Comprehensive Income for the year	-	-	-	3.18	-	3.18
<b>Total Comprehensive Income for the year</b>	2,23.74	30,73.42	-	(1,44,28.89)	-	(1,11,31.73)
Transaction with owners in capacity as owners	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	-
Bonus Shares	-	-	-	-	-	-
Movement During the Year	-	-	-	-	-	-
<b>Balance as on 31st March, 2018</b>	2,23.74	30,73.42	-	(1,44,28.89)	-	(1,11,31.73)

Amount in ₹ lakhs

Particulars	Reserves and Surplus					Total
	Capital Reserve	Securities Premium Reserve	ESOP Outstandings	Retained Earnings	Debt Instruments through other comprehensive income	
<b>Balance as on 31st March, 2018</b>	2,23.74	30,73.42	-	(1,44,28.85)	-	(1,11,31.69)
Changes in Accounting policy/Prior Period Errors	-	-	-	-	-	-
<b>Restated Balance at the beginning of the Reporting Period</b>	2,23.74	30,73.42	-	(1,44,28.85)	-	(1,11,31.69)
Profit for the year	-	-	-	6,05.97	-	6,05.97
Other Comprehensive Income for the year	-	-	-	1.39	-	1.39
<b>Total Comprehensive Income for the year</b>	2,23.74	30,73.42	-	(1,38,21.49)	-	(1,05,24.33)
Transaction with owners in capacity as owners	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	-
Bonus Shares	-	-	-	-	-	-
Movement During the Year	-	-	-	-	-	-
<b>Balance as on 31st March, 2019</b>	2,23.74	30,73.42	-	(1,38,21.49)	-	(1,05,24.33)

**13 Long Term Borrowings**

	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
0.001% Unsecured optionally convertible debentures (OCD)	-	-
From banks (Secured)		
- Term loans	-	-
- Corporate loans	-	-
From others (unsecured)	<u>25.00</u>	<u>1,00.70</u>
	<u>25.00</u>	<u>1,00.70</u>
Less: Current maturities of long term borrowings	-	-
	<u>25.00</u>	<u>1,00.70</u>

**(a) Details of security for term loans from banks**

Term loans from banks, reclassified as current, are secured by way of equitable mortgage of fixed assets both present and future including land and building of the Company on first pari-passu basis and are also guaranteed by the promoter of the Company.

**(b) Details of security for corporate loans from banks**

"Corporate loans, reclassified as current, are secured by way of mortgage and charge of immovable and movable assets both present and future and it is also secured by way of charge/assignment on all bank accounts."

**(c) Debentures Maturing within one year**

In respect of OCDs, the entire amount shall be redeemable at the end financial year 2018-19 in one bullet payment; therefore, these are also reclassified into current liabilities.

**14 Long-term provisions**

	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
Provisions for gratuity	<u>75.61</u>	<u>76.75</u>

**a. The following table set out the status of the plan for gratuity as required under Indian Accounting Standard IND AS 19:****Change in projected benefit obligation**

Projected benefit obligation at the beginning of the year*	1,27.43	1,07.14
Service cost	13.03	29.00
Interest cost	9.88	8.04
Actuarial gain	(1.39)	(3.05)
Benefits paid	(9.38)	(13.70)
Projected benefit obligation at the end of the year*	1,39.56	1,27.43

**Reconciliation of present value of obligation on the fair value of plan assets**

Present value of projected benefit obligation at the end of the year*	1,39.56	1,27.43
Liability recognised in the balance sheet*	1,39.56	1,27.43

\*This includes short term portion of ₹ 63.95 lacs (previous year ₹ 50.67 lacs) as disclosed under note 20.

**Components of net gratuity costs are**

Service cost	13.03	29.00
Interest cost	9.88	8.04
<b>Net gratuity costs</b>	<b>22.90</b>	<b>37.04</b>

**Other Comprehensive Income**

Actuarial (gain)/loss for the year on PBO	(1.39)	(3.05)
-------------------------------------------	--------	--------

**Actuarial assumptions**

Discount rate	7.65%	7.75%
Rate of increase in compensation level	5.00%	5.00%
Average remaining life (years)	18.23	17.34

**Demographic assumptions**

	Indian assured lives mortality (1994-96)	Indian assured lives mortality (1994-96)
Mortality table	58	58
Retirement age		
Withdrawal rates		
- upto 30 years	3%	3%
- from 31 to 44 years	2%	2%
- above 44 years	1%	1%

15 Deferred tax liabilities (net)	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
<b>Deferred tax liabilities</b>		
Timing difference on depreciation and amortisation of tangible and intangible assets	13,45.23	15,04.32
<b>Deferred tax assets</b>		
Unabsorbed depreciation as per tax laws (the deferred tax asset is restricted to the extent of deferred tax liability)	(13,45.23)	(15,04.32)
<b>Deferred tax liabilities (net)</b>	<u><u>-</u></u>	<u><u>-</u></u>

"Note. In the absence of virtual certainty supported by convincing evidence to the effect that sufficient future taxable income would be available against which deferred tax assets can be realised, deferred tax assets have been recognised only to the extent of deferred tax liability."

16 Short term borrowings	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
Working capital borrowings from banks (secured)	<u><u>-</u></u>	<u><u>-</u></u>

Cash credit/export credit from banks, reclassified as other financial liabilities, are secured by way of hypothecation of current assets of the company comprising of raw material, stock in process, finished goods, stores and spares, goods-in-transit, receivables and any other security acceptable on pari-passu basis. It is also secured by equitable mortgage of fixed assets including land and building of the Company on pari-passu basis with other banks and is also guaranteed by the promoter of the Company.

17 Trade payables	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
Dues to micro and small enterprises	-	16.34
Dues to others	27,12.23	17,76.68
	<u><u>27,12.23</u></u>	<u><u>17,93.02</u></u>

18 Other financial liabilities	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
Dues to Banks	1,14,94.29	1,16,32.34
Debentures Maturing within one year	49,65.30	49,65.30
Interest accrued but not due on borrowings	-	-
Interest accrued and due on borrowings	81.78	81.78
Book overdraft	2,24.02	7.98
	<u><u>1,67,65.39</u></u>	<u><u>1,66,87.40</u></u>

The Company's various credit facilities declared as NPA for which one time settlement was pending have been recalled by the bank and as such the amounts of such term loans and corporate loans have been reclassified into current liabilities from non-current liabilities. In respect of OCDs, the entire amount shall be redeemable at the end financial year 2018-19 in one bullet payment; therefore, these are also reclassified into current liabilities.

19 Other current liabilities	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
Statutory & Other Dues	92.81	37.94
Employee related payables	95.47	88.44
Provision for Doubtful Debts	-	-
Advance from customers	14.83	16.86
Security deposits	1,17.59	1,04.09
Creditors for capital goods	7.65	18.23
	<u><u>3,28.35</u></u>	<u><u>2,65.56</u></u>

20 Short-term provisions	As at 31 March 2019 Amount in ₹ lakhs	As at 31 March 2018 Amount in ₹ lakhs
Provision for gratuity	63.95	50.67
Provision for milk cess	17,76.01	15,02.99
	<u><u>18,39.96</u></u>	<u><u>15,53.66</u></u>



Particulars	For the year ended 31 March 2019 Amount in ₹ Lakhs	For the year ended 31 March 2018 Amount in ₹ Lakhs
<b>21 Revenue</b>		
<b>Revenue from operations</b>		
Sale of products		
Export	1,28.94	(40.51)
Domestic	5,58,74.02	4,66,92.04
Other operating revenue	45.16	69.47
<b>Revenue from operations (Gross)</b>	<u>5,60,48.12</u>	<u>4,67,21.00</u>
Less : Excise duty	-	39.92
<b>Revenue from operations (Net)</b>	<u><u>5,60,48.12</u></u>	<u><u>4,66,81.08</u></u>
The Negative Export Sales denotes the return of goods exported during the FY 2016-17		
Details of products sold (contributing more than 10% of the total revenue)		
- Manufactured goods (inclusive of excise duty)		
Milk	3,67,75.15	2,92,62.45
Ghee	85,52.90	85,04.36
Others	1,06,74.91	88,84.72
	<u><u>5,60,02.96</u></u>	<u><u>4,66,51.53</u></u>
<b>22 Other income</b>	<b>For the year ended 31 March 2019 Amount in ₹ Lakhs</b>	<b>For the year ended 31 March 2018 Amount in ₹ Lakhs</b>
Interest income		
- from banks	9.08	15.06
- others	-	-
Profit on sale of fixed assets	-	2.39
Service Tanker Cleaning	5.86	-
Exchange fluctuation (net)	2.55	-
Balances written off	0.02	29.47
Miscellaneous income	3.50	0.88
	<u><u>21.01</u></u>	<u><u>47.80</u></u>
<b>23 Cost of materials consumed</b>	<b>For the year ended 31 March 2019 Amount in ₹ Lakhs</b>	<b>For the year ended 31 March 2018 Amount in ₹ Lakhs</b>
Opening stock		
Raw materials	43.98	96.10
Packing materials	1,98.27	2,40.00
	<u>2,42.25</u>	<u>3,36.10</u>
Add : Purchases of raw materials during the year	4,86,28.00	4,12,22.33
Add : Purchases of packing materials during the year	17,67.64	13,77.59
	<u>5,03,95.64</u>	<u>4,25,99.92</u>
Less : Closing stock		
Raw materials	2,26.82	43.98
Packing materials	2,31.91	1,98.27
	<u>4,58.73</u>	<u>2,42.25</u>
	<u><u>5,01,79.16</u></u>	<u><u>4,26,93.77</u></u>
<b>24 Changes in inventories of finished goods and work-in-progress</b>	<b>For the year ended 31 March 2019 Amount in ₹ Lakhs</b>	<b>For the year ended 31 March 2018 Amount in ₹ Lakhs</b>
Opening stock		
- Manufactured goods	10,85.54	25,60.41
- Work-in-progress	34.39	84.37
	<u>11,19.93</u>	<u>26,44.78</u>
Closing stock		
- Manufactured goods	6,24.76	10,85.54
- Work-in-progress	28.51	34.39
	<u>6,53.27</u>	<u>11,19.93</u>
Excise duty on change in stocks	-	(16.17)
	<u><u>4,66.66</u></u>	<u><u>1,508.68</u></u>

	<b>For the year ended 31 March 2019 Amount in ₹ Lakhs</b>	<b>For the year ended 31 March 2018 Amount in ₹ Lakhs</b>
<b>25 Employee benefit expense</b>		
Salaries, wages and bonus	9,00.59	8,36.15
Contribution to provident and other defined contribution funds	36.15	32.02
Staff welfare expenses	1.71	1.81
	<u>9,38.45</u>	<u>8,69.98</u>
<b>26 Finance costs</b>		
Interest expenses		
- to banks	-	0.01
- others	20.15	30.60
	<u>20.15</u>	<u>30.61</u>
<b>27 Depreciation and amortisation expense</b>		
Depreciation of tangible assets	5,24.21	5,11.66
Amortisation of intangible assets	2.34	1.90
	<u>5,26.55</u>	<u>5,13.56</u>
<b>28 Other expenses</b>		
Consumption of stores and spare parts [refer note 30(d)]	4,59.63	3,94.99
Power and fuel	17,72.40	16,14.76
Rent	32.71	29.41
Repairs to		
- building	58.45	31.48
- machinery	82.16	54.98
- others	9.33	11.94
Insurance	14.56	13.11
Legal and professional expenses	85.64	37.05
Payment to auditors	10.11	8.47
Rates and taxes	2.25	5.34
Bad debts written off	-	2,80.04
Allowance for bad and doubtful debts	-	81.48
Travelling and conveyance	79.01	61.99
Provision for milk cess [refer note 28(b)]	59.06	-
Loss on sale/write off of fixed assets (net)	-	-
Commission on sale	-	4.00
Freight and forwarding charges	2,73.60	1,65.28
Other Manufacturing exp.	40.04	27.16
Loss on foreign exchange fluctuation (net)	-	-
Miscellaneous expenses	1,56.80	1,47.67
	<u>31,35.75</u>	<u>29,69.15</u>
<b>29 Prior period items</b>		
Expenses related to previous year [refer note (a) below]	2,14.72	-
Incomes related to previous year [refer note (b) below]	(18.29)	-
	<u>1,96.43</u>	<u>-</u>

**30 Contingent Liabilities & Commitments**

<b>Contingent Liabilities:</b>	<b>As at 31st March 2019 Amount in ₹ Lakhs</b>	<b>As at 31st March 2018 Amount in ₹ Lakhs</b>
a) Claim against the Company not acknowledged as debts	--	--
b) Other money for which Company is contingent liable	<b>2,52.39</b>	4,36.43
<b>Commitments:</b>		
a) Estimated amounts of contractors remaining to be executed On capital accounts and not provided for.	--	--
b) Letter of credited against import of material	--	--
<b>31</b> For the year 2018-19 interest accrued on long term and short term borrowings amounting to Rs. 2454.70 lacs (Rs. 770.82 lacs to SBI, Rs.1305.32 lacs accrued to PNB and Rs. 376.57 lacs to Canara Bank has not been provided in the statement of profit and loss account as these loans have been categorized as NPA as on 31 March 2019.		

**32 Earnings per share:**

	<b>As at 31st March 2019 6,05.97</b>	<b>As at 31st March 2018 (18,56.88)</b>
Profit / (Loss) after taxation as per Statement of profit and Loss ( ` in lac)		
Equity shares outstanding	<b>2,33,19,861</b>	2,33,19,861
Basic earnings per share in rupees (face value ` 10/- each)	<b>2.60</b>	(7.96)
Diluted earnings per share in rupees (face value ` 10/- each)	<b>2.60</b>	(7.96)

**33 Payment to Auditors\***

	<b>As at 31st March 2019 Amount in ₹ Lakhs</b>	<b>As at 31st March 2018 Amount in ₹ Lakhs</b>
Audit Fees	<b>6.75</b>	6.00
Tax Audit fees	<b>0.75</b>	0.50

\*exclusive of G.S.T

**34 Statement of Turnover and Closing Stock**

Quantity in kgs.

Particulars	Turnover	Finished Goods		Work in Process	
		Closing Stock	Opening Stock	Closing Stock	Opening Stock
<b>GHEE</b>					
Current Year	27,07,590	60,859	1,41,154		
Previous Year	22,56,547	1,41,154	1,65,507		
<b>S.M.P</b>					
Current Year	1,06,371	30,120	41,559		
Previous Year	78,879	41,559	1,72,098		
<b>D.W</b>					
Current Year	2,86,575	11,250	-		
Previous Year	1,32,125	-	16,050		
<b>W.M.P</b>					
Current Year	52,075	9,475	-		
Previous Year	2,250	-	3,450		
<b>BUTTER</b>					
Current Year	-	8,940	400		
Previous Year	46	400	1,55,821		
<b>CHEESE</b>					
Current Year	10,77,838	78,944	87,206		
Previous Year	7,74,497	87,206	42,777		
<b>CASEIN</b>					
Current Year	86,750	1,300	17,025		
Previous Year	1,53,000	17,025	48,425		
<b>LACTOSE</b>					
Current Year	6,11,390	1,675	58,350		
Previous Year	5,50,800	58,350	1,20,300		

<b>WHEY POWDER</b>					
Current Year	33,525	-	38,175		
Previous Year	3,16,000	38,175	20,600		
<b>W.P.C 35</b>					
Current Year	1,06,550	45,925	65,900		
Previous Year	1,36,000	65,900	97,250		
<b>W.P.C 70</b>					
Current Year	50,325	19,500	8,260		
Previous Year	62,700	8,260	34,980		
<b>Cream</b>					
Current Year				3,030	5,060
Previous Year				5,060	19,090
<b>Skimmed Milk</b>					
Current Year				35,712	12,000
Previous Year				12,000	86,994
<b>S.M.P</b>					
Current Year				-	-
Previous Year				-	-
<b>Lactose Liquid</b>					
Current Year				6,102	31,162
Previous Year				31,162	14,816
<b>WPC 35 Liquid</b>					
Current Year				-	2,850
Previous Year				2,850	2,760
<b>WPC 70 Liquid</b>					
Current Year				2,040	-
Previous Year				-	-
<b>WPC 80</b>					
Current Year				690	-
Previous Year				-	3,080

**35 The Information required by paragraph 5 of general instructions for preparation of the statement of profit and loss as per schedule III of Companies Act, 2013**

**a) Value of Imports (CIF Basis)**

	As at 31st March, 2019 Amount in ₹ Lakhs	As at 31st March, 2018 Amount in ₹ Lakhs
1) Raw Materia	-	-
2) Stores & Spares	7.13	3.27

**b) Expenditure in Foreign Currency**

Professional and consultation fees	0.43	-
Others -	-	0.94

**c) Value of Raw materials and packing materials consumption**

	As at 31st March 2019 Amount in ₹ Lakhs		As at 31st March 2018 Amount in ₹ Lakhs	
	%age	Value	%age	Value
<b>Cost of Materials Consumed</b>				
Imported	-	-	-	-
Indigenous	100.00	5,01,79.16	100.00	4,26,93.77
		5,01,79.16		4,26,93.77
<b>Store &amp; Spares</b>				
Imported	1.55	07.13	0.83	03.27
Indigenous	98.45	4,52.50	99.17	3,91.72
		4,59.63		3,94.99

**36 Sales Incentive and Excise duty****Sales Incentive**

The Company provides to its customers cash discount to get prompt payment and rebate for commercial settlements. Under previous GAAP, these discounts and rebates were shown as expenses under the head "other expenses". Under Ind As, revenue from sales of goods shall be measured at the fair value of the consideration received or receivable. Therefore, these discounts and rebates have been netted off from revenue from sales of goods. This has resulted in an decrease in the revenue from operations and expenses for the year ended 31 March 2019. The total comprehensive income for the year ended and equity as at 31 march 2018 has remained unchanged.

**Excise duty**

In accordance with Ind AS 18 on "Revenue" and schedule II to the Companies Act, 2013, unlike Excise Duties, levies like GST, VAT etc. are not part of revenue. Accordingly the excise duty expense in the year ended 31 March 2018 contains the excise expense amount up to 30 June 2017 only.

**37 OPERATING SEGMENT**

The Company is engaged in the business of Milk Products Manufacturing which in context of Indian Accounting Standards – 108 "Operating Segment" issued by the Institute of Chartered Accountants of India is considered as the only Business Segment. Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

**38** In the opinion of the Board of Directors, Current Assets, Loan and Advances have value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in accounts..

**39** As per the Indian Accounting Standard – 24 issued by the Institute of Chartered Accountants of India "Related Party Disclosure ". In view of this the company has given the following disclosures for the year.

The company has identified the related parties having transactions during the year, as per detail given below.

**A) Related Party and their relationship****Key management personnel (KMP)**

Mr. Krishan Kumar Goyal - (Chairman and Managing Director - CMD)

Mr. A.K. Aggarwal - (Executive Director )

Mr. Mukesh Sehgal (Chief Financial Officer)

Ms. Heena Garg (Company Secretary)\*

**Entities in which directors of the Company are able to exercise control or have significant influence**

Modern Steels Limited

Chandigarh Finance Private Limited

Mala Builders Private Limited

Nabha Commerce Private Limited

Bharat Forgings Private Limited

Smile Finvest Private Limited

Krishan Kumar Goyal (HUF)

Amarjit Goyal (HUF)

**Relatives of KMP**

Late Mr. Amarjit Goyal, Father of CMD\*\*

Mrs. Alka Goyal, Wife of CMD

Mr. Aditya Goyal, Son of CMD

Mrs. Sonam Jhunjhunwala, Daughter of CMD

\* Resigned w.e.f. 26/02/2019

\*\* Demise on 02/12/2018

**B) Transactions with the related parties**

(in Lakhs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel & their enterprises	Associates
Remuneration Including Perks	92.75 (86.93)	– (–)	– (–)
Interest On Unsecured Loan	– (–)	3.4 (26.67)	– (–)
Loan Taken	– (–)	200.00 (21.75)	– (–)
Loan Repaid	– (–)	200.00 (721.76)	– (–)
Loan Given	– (–)	– (–)	– (–)
Loan Received back	– (–)	– (–)	– (–)

Interest Income	- (-)	- (-)	- (-)
Rent Paid	- (-)	24.00 (24.00)	- (-)
Share of Expenses Received	- (-)	- (-)	- (-)
Share of Expenses paid	- (-)	22.22 (23.14)	- (-)
Purchase of Raw Material & Stores	- (-)	- (1997.89)	- (-)
Sales Of Finished Products	- (-)	- (16106.65)	- (-)

**40 Management's disclosure in respect to inadmissible Managerial Remuneration**

The company has paid Managerial Remuneration amounting to Rs.56,62,358/-, to directors for which the company is yet to receive approval from competent authority/agency. Management undertakes that in case the approval is not received from the competent authority/agency, they shall refund the remuneration paid to them by the company. Profitability of the company shall affect to the same extent.

41 Figures for the previous year have been regrouped / rearranged wherever considered necessary.

For **AARYAA & ASSOCIATES**

Chartered Accountants

For **Modern Dairies Limited**

**CA Harsharanjit Singh Chahal**  
Partner

**Krishan Kumar Goyal**  
(Chairman & Managing Director)  
(DIN: 00482035)

**Ashwani Kumar Aggarwal**  
(Director)  
(DIN: 00486430)

Place : Chandigarh  
Date: 30<sup>th</sup> May, 2019

**Mukesh Sehgal**  
(Chief Financial Officer)

**MODERN STEELS LIMITED**

CIN: L27109PB1973PLC003358

Office: SCO 98-99, Sub City Centre, Sector 34, Chandigarh-160022  
Registered Office & Works: G.T. Road, Mandi Gobindgarh (Punjab)-147301.  
secretarial@modernsteels.com, Website: www.modernsteels.com

**NOTICE**

The 45th Annual General Meeting of the members of the Company will be held on Saturday, the 28th September, 2019 at 11.00 a.m. at the Registered Office of the Company, Mandi Gobindgarh, Distt. Fatahgarh Sahib, Punjab -147301. The Notice, Attendance Slip, Proxy Form and Annual report of 27th Annual General meeting of the Company have been sent to the members who have registered their email addresses with the Company/Depository Participants in electronic mode and physical copies of the same have been sent by permitted mode to all other members at their registered addresses. The Notice and Annual Report is also displayed on the Company's website at www.modernsteels.com and on NSDL website www.evoting.nsdl.com

Pursuant to Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 21st September, 2019 to Saturday, 28th September, 2019 (both days inclusive) for the purpose of Annual General Meeting.

Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management & Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members the electronic facility for transacting all the items of business mentioned in the notice through NSDL, which will commence on Wednesday, the 25th September, 2019 (9.00 a.m.) and ends on Friday, the 27th September, 2019 (5.00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 21st September, 2019 may cast their vote electronically. The remote e-voting shall be disabled by NSDL, beyond the said date and time.

Any person who acquires shares of the company and becomes member of the Company after dispatch of the notice of AGM and holding shares as on the cut-off date i.e. 21st September, 2019 may obtain the login id and password by sending request at evoting@nsdl.co.in. However, if a person is already registered with NSDL for remote e-voting then existing user id and password can be used for casting vote.

The facility for voting by ballot papers will be provided at the AGM to those members who have not cast their vote by remote e-voting. Members may participate in AGM even after exercising right to vote by remote e-voting but shall not be entitled to vote again at the AGM. The voting rights of the members shall be in proportion to the equity shares held by them as on the cut-off date.

A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail facility of remote e-voting as well as voting at the AGM through ballot paper.

For electronic voting instructions, Members may go through the instructions mentioned in Note No. 14 of AGM Notice or contact Ms. Pallavi Mhatre, Manager, National Securities Depository Limited, Trade World, A Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai at email id: evoting@nsdl.co.in/pallavid@nsdl.co.in or Phone No. : 022-24984200/1800-222-990 who will address the shareholders grievances connected with the e-voting.

By order of the Board of Directors  
For Modern Steels Limited  
Sd/-  
Krishan Kumar Goyal  
Chairman & Managing Director  
DIN: 00482035



**MODERN DAIRIES LIMITED**

CIN: L74899HR1992PLC032998

Corporate Office: SCO 98-99, Sub City Centre, Sector 34, Chandigarh-160022  
Registered Office & Works: 136 KM, G.T. Road, Karnal (Haryana)-132001  
Website: www.moderdairies.com, Email: secretarial@moderdairies.com

**NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the members of the Company will be held on Saturday, the 28th September, 2019 at 11.30 a.m. at the Registered Office of the Company situated at 136 KM, G.T. Road, Karnal -132001 (Haryana). The Notice, Attendance Slip, Proxy Form and Annual report of 27th Annual General meeting of the Company have been sent to the members who have registered their email addresses with the Company/Depository Participants in electronic mode and physical copies of the same have been sent by permitted mode to all other members at their registered addresses. The Notice and Annual Report is also displayed on the Company's website at www.moderdairies.com and on NSDL website www.evoting.nsdl.com

**Book Closure:**

Pursuant to Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 21st September, 2019 to Saturday, 28th September, 2019 (both days inclusive) for the purpose of Annual General Meeting.

**Remote e-Voting:**

Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management & Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members the electronic facility for transacting all the items of business mentioned in the notice through NSDL, which will commence on Wednesday, the 25th September, 2019 (9.00 a.m.) and ends on Friday, the 27th September, 2019 (5.00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 21st September, 2019 may cast their vote electronically. The remote e-voting shall be disabled by NSDL, beyond the said date and time.

Any person who acquires shares of the company and becomes member of the Company after dispatch of the notice of AGM and holding shares as on the cut-off date i.e. 21st September, 2019 may obtain the login id and password by sending request at evoting@nsdl.co.in. However, if a person is already registered with NSDL for remote e-voting then existing user id and password can be used for casting vote.

The facility for voting by ballot papers will be provided at the AGM to those members who have not cast their vote by remote e-voting. Members may participate in AGM even after exercising right to vote by remote e-voting but shall not be entitled to vote again at the AGM. The voting rights of the members shall be in proportion to the equity shares held by them as on the cut-off date.

A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail facility of remote e-voting as well as voting at the AGM through ballot paper.

For electronic voting instructions, Members may go through the instructions mentioned in Note No. 14 of AGM Notice or contact Ms. Pallavi Mhatre, Manager, National Securities Depository Limited, Trade World, A Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai at email id: evoting@nsdl.co.in/pallavid@nsdl.co.in or Phone No. : 022-24984200/1800-222-990 who will address the shareholders grievances connected with the e-voting.

By order of the Board of Directors  
For Modern Dairies Limited  
Sd/-  
Krishan Kumar Goyal  
Chairman & Managing Director  
DIN: 00482035

Place: Chandigarh  
Dated: 7th September, 2019

News Paper.



Financial Express  
Dt. Sept 7, 2019



Branch : Nagar Nigam Compound,  
Navyug Market, Ghaziabad

**UNDELIVERED DEMAND NOTICE SARFAESIA NOTICE SEC 13(2)**

Under SARFAESIA Act 2002 sec 13(2) were sent to the following Borrowers / Guarantors. We have sent registered demand notice on 30.07.2019 and This Notice have been returned with "No Such shop in this name" remark party refused to pay. You are hereby advised to pay the outstanding amount with interest and cost with in 60 days from the date of demand notice here below otherwise Bank will proceed further to take possession of the property under SARFAESIA Act 2002 and to recover the Bank dues. As per Section 13 (13) of SARFAESIA Act, on receipt of this notice you are restrained from dealing with the above securities except in the usual course of business without the consent of the Bank. Please note that this section entails serious consequences. The borrower's attention is invited to the provisions of Subsection (8) of the Act, in respect of time available to redeem the secured assets. Any kind of Sale purchase of the property will be void and liable to be set aside by the court. The property is being sold by the UNION BANK OF INDIA, Nagar Nigam Compound, Navyug Market, Ghaziabad

Name of the Borrower/Guarantors	Equitable Mortgaged Property/ies	Date of Demand Notice	Amount Due as per Demand Notice
Sh. W/o Sh. Harish Kumar (Borrower) Prop. M/s Furniture and Plywood Traders. Add: H.No. 57 Market, Gangapuram Hapur Road, Opp. N. Ghaziabad UP 201001 Sh. Arjun Kumar S/o Sh. Nain Singh (Guarantor) No. 57 Shiksha Market, Gangapuram Hapur Jovindpuram, Ghaziabad UP 201001 Sh. Nain Singh S/o Sh. Mohan Lal (Guarantor) Address: Shiksha Market, Gangapuram Hapur Road, Opp. N. Ghaziabad UP 201001	<b>Equitable Mortgaged Property :</b> Residential Property of Sh. Jitendra Kumar S/o Sh. Nain Singh measuring 197.50 Sq. Yard or 165.12 Sq. Meter Pertaining to Khasra Number 1191, Khata Number 245 Situated at Vill Sadarpur, Pargana- Dasna, Tehsil and Distt. Ghaziabad U.P., Boundaries : East - Seller Property, West - 15 feet Wide Road, North- Plot of Sh Raj Singh, South - Plot of Sh. Nain Singh	26.07.2019  Date of Sending Demand Notice by Regd. Post 30.07.2019	Rs. <b>8,28,467.86</b> as on 28.02.2019 + Interest & other expenses.

Place - Ghaziabad

Authorized Officer, Union Bank of India

