



Ideas for a new day

Parag Milk
Foods Limited



CONTENTS

CORPORATE OVERVIEW

PREFACE	pg 1
CHAIRMAN'S MESSAGE	pg 2
MD'S MESSAGE	pg 5
CHAPTER I.....	The Transformation: Milk and Beyond pg 8
CHAPTER II.....	Procurement: The White Knights pg 18
CHAPTER III.....	Processing: The Big Milky Affair pg 20
CHAPTER IV.....	Product Portfolio: Our Shining Milky Stars pg 21
CHAPTER V.....	Distribution: Our White Existence pg 27
CHAPTER VI	Bhagyalaxmi Dairy Farms: Our Hero in White Shining Armour pg 28
CHAPTER VII.....	Marketing Campaigns and Strategies: Waving the White Milky Flag pg 30
CHAPTER VIII.....	Our Marquee Customers: Our Milky Crowning Glory pg 34
CHAPTER IX.....	Technology: Riding the Tide of Milky Magic pg 35
CHAPTER X.....	Financial Performance: The White Progress Transcript pg 36
CHAPTER XI.....	Our People: Community Connect Initiatives pg 38
	Board of Directors pg 39
	Our Champions in White Armour pg 40

STATUTORY REPORTS

Corporate Information	pg 42
Management Discussion and Analysis	pg 43
Director's Report	pg 48
Report on Corporate Governance	pg 73

FINANCIAL STATEMENTS

Standalone Financial Statements	pg 90
Consolidated Financial Statements	pg 142

ANNEXURE - GLOSSARY

Investor information

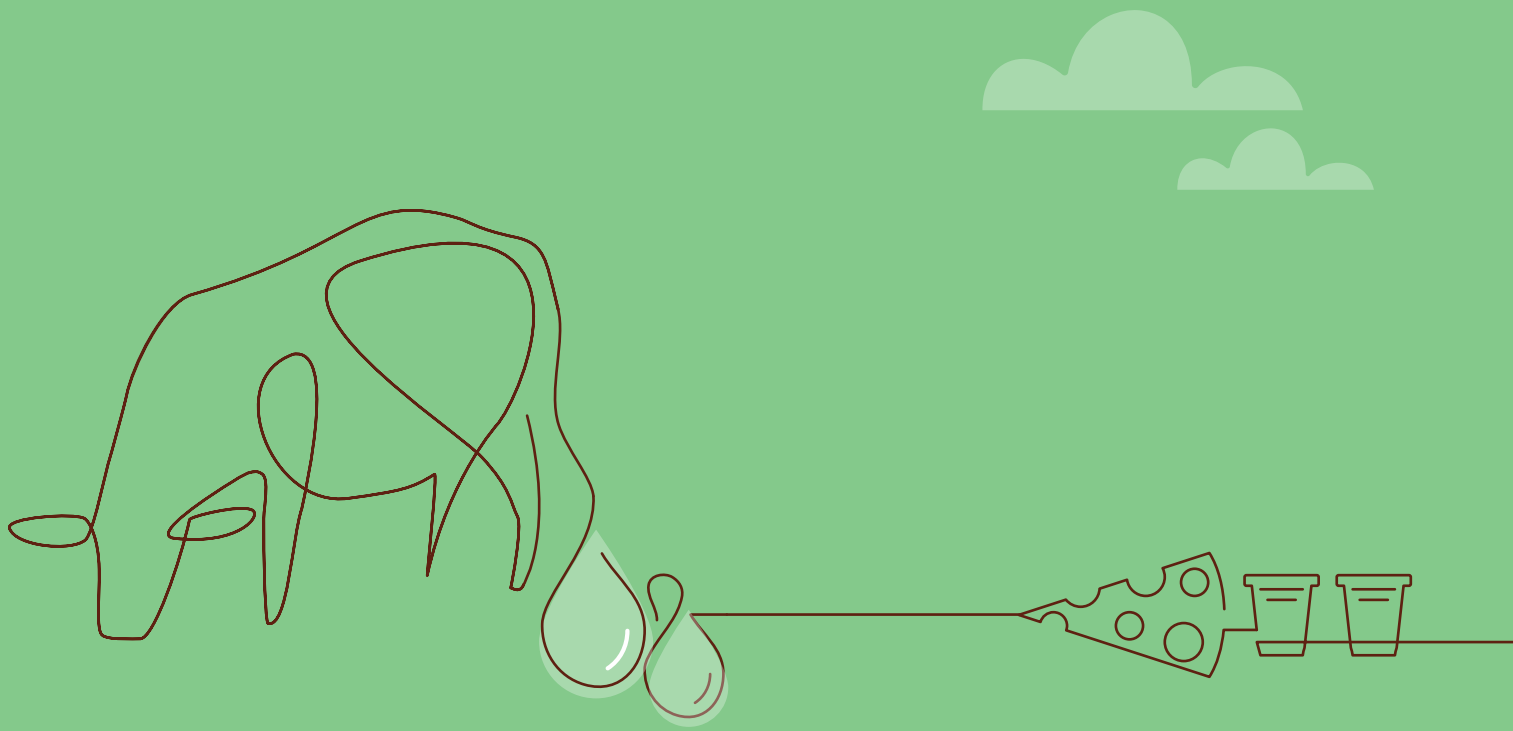
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Disclaimer

This document contains statements about expected future events and financials of Parag Milk Foods Limited, which are forward-looking. By their nature, forward-looking statements require The Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis Report of Parag Milk Foods Limited's Annual Report for FY 2017-18.



ONCE UPON A TIME...

India's milk supply deficiency led to the famous 'White Revolution' that went on to change the way our country was perceived on the global map of dairy farming and consumption. The revolution was a huge success and translated into a manifold increase in milk supply. However, due to excess milk production, several unions had to declare 'milk holidays', days on which they would not collect milk from farmers, leaving farmers to dump their milk on such days.

This is where our visionary founder, Mr. Devendra Shah, saw an opportunity and stepped forward to help farmers by collecting their milk on these 'milk holidays'. He started off by collecting 20,000 litres per day and from there on, changed the course of the Indian dairy industry forever. Thus was born 'Parag Milk Foods Limited' (referred to as The Company or PMFL hereon).

Established in the year 1992, PMFL today has emerged as India's largest dairy FMCG player, offering milk and milk-based products made from 100% cow's milk. This is further supported by the Company's focus on innovation, use of cutting-edge technology and the direct procurement of milk from a large and well-established network of farmers. Additionally, PMFL's strong brands, backed by distinctive marketing campaigns and well-engineered promotion and distribution strategies, have allowed the Company to emerge as a formidable player in the Indian dairy FMCG space.

Chairman's Message



“

The secret to change is the focus on building the new, instead of directing your energies in fighting the old.

”

**WHEN
MILK
BECOMES
PASSION...**

Dear Shareholders,

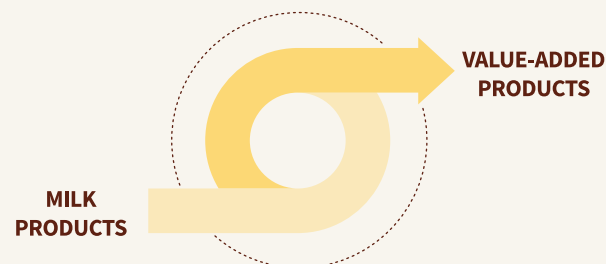
It gives me immense pleasure to share my thoughts and insights on our Company through our annual report. Our current year's theme – 'The Goodness Story' – promises to capture our Company's great transformation from being a dairy-based company to an industry-leading dairy FMCG player. This transformation reflects the way we have evolved as a formidable player in the dairy FMCG sector, offering an innovative value-added portfolio, which is also one of the largest and most varied product portfolios available in the dairy-based food segment in India today.

At PMFL, innovation has always been the cornerstone of our organisation and a part of our DNA. Besides innovation in the form of introducing new products that have redefined categories, you will also find innovation across our integrated value chain. Right from dairy farming, to milk procurement, to product development, processing, distribution, as well as branding, breakthrough innovations have allowed us to remain ahead of the curve and provide an edge over other dairy players that are mainly focusing on fresh milk products. It has also allowed us to effectively meet the constantly-evolving consumer's needs and requirements. One such example is our consumer-centric and extremely innovative cheese portfolio, which has allowed us to garner a 33%¹ market share in the Indian cheese market within a short span of time.



India's dairy FMCG sector is valued at ~\$107 billion² and is rapidly growing due to rising urbanisation, changing consumer lifestyles, higher disposable incomes, a higher proportion of working women and a growing youth population. Two structural themes are evolving in this scenario that will drive multi-year growth in the industry.

TRANSITIONAL SHIFT



First is the shift from the 'unorganised' to the 'organised' market and the second is the consumers' changing habits. With the changing lifestyle of the consumer and a higher disposable income, we are seeing a growing demand for ready-to-eat and high-quality milk products, which has made value-added products like cheese, ghee, paneer, etc, essential items in one's monthly grocery list. Consumers have also become brand-conscious due to their preference for consistency in quality and taste in products supplied by organised players like us, as against the traditional milkmen and unorganised players. We sensed this opportunity early and started making the necessary changes to our existing business mix. Today, we have the largest range of value-added products, which consists of ~66% of our sales – a figure far ahead of the industry average. Moving forward, we foresee tremendous opportunities for players like us, who maintain consistency, quality, and a varied and customer-centric product portfolio.

We are also focusing on scaling up our presence in the Health and Nutrition segment through a widening product portfolio and an expansion of distribution. Since the entire Whey protein segment in India is dominated by imported players, we see a huge opportunity to drive growth given our superior product offerings. We have seen a healthy traction in the Whey protein segment and plan to widen our product range in the sports nutrition segment under the Avvatar brand through the launch of variants like Avvatar Absolute Muscle Gainers, as well as new flavours and formats. Given the nature of and limited distributors in this segment, we have set up bonding programmes with gym

1. IMARC Report, June 2015

2. IMARC Report, June 2015 (Assumed 1 USD = INR 67)

trainers who are the key influencers in this segment, and have also set up a separate team for the Avvatar portfolio. We will soon be entering the milk-based protein segment with the launch of Go Protein Power, a 100% cow milk product with a high protein content. With such products and the launch of new products and a ramp-up in reach, we plan to expand our Health and Nutrition portfolio from 2.4% of sales, as it stands today, to a target of ~7% by FY21.

During the year, we also undertook several initiatives towards ongoing improvement in supply chain management at the back-end and the distribution network at our front-end. In the case of our supply chain, we have set up new norms and auto-replenishment systems at each level of our distribution chain. On the distribution front, we are working on a two-pronged strategy that involves expanding our product range per retail outlet as well as adding new outlets. Greater focus will be placed on increasing our reach in current geographies and expanding our presence in the North and East. Currently, given that our procurement and manufacturing base is in West and South India, we derive a large proportion of our sales from these two geographies. However, the recently acquired Danone facility in Sonipat, Haryana, will help us scale up our presence in the Northern and Eastern markets. This will also strategically benefit us by being closer to the end consumer as well as improving the freshness of products. Our focus to strengthen our market share in the North and East is reiterated through our recently hired Sales Head specifically for these two regions. Moreover, we have also strengthened our technology quotient to get real-time results of all our activities – right from procurement and manufacturing, to distribution and sales.

Our strategy going further will emphasise growing our consumer business and strengthening our position as a strong dairy FMCG player with a pan-India presence. Our focus on moving up the scale of value addition, backed by our R&D capabilities, increasing distribution reach, and the new additions of seasoned FMCG professionals that we have recently made to our senior leadership, will help us achieve the many ambitious plans that we have set before ourselves. We are confident that our combined efforts will help us achieve our Vision 2020, of an annual revenue of Rs. 2,700-3,000 crore with a stronger EBITDA margin and ROCE of 11-12% and 18-20%, respectively.

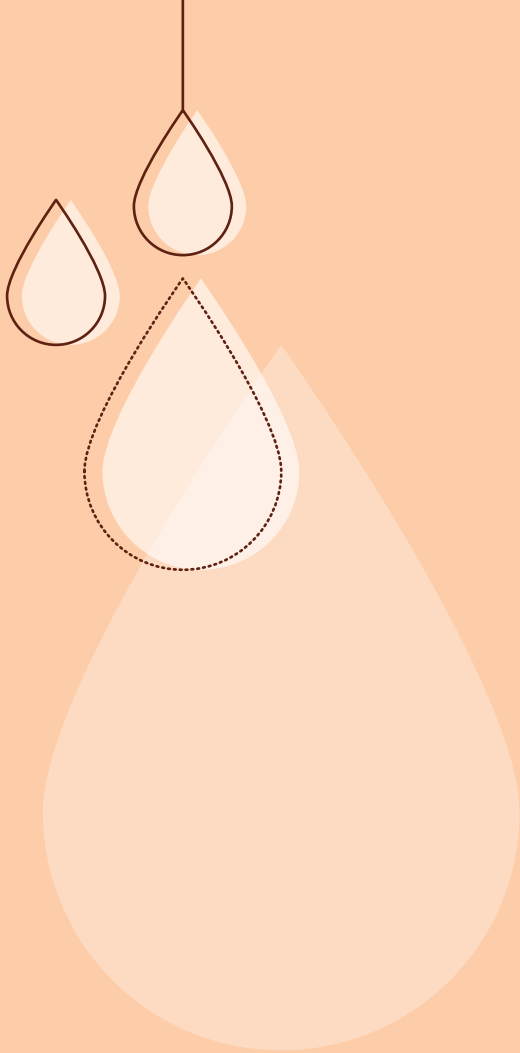
As a closing note, I would like to acknowledge our team for their consistent and sincere efforts in building the Company's brands across markets. I appreciate the support from our Board of Directors and Shareholders for believing in our potential. Together, I am sure, we will continue to achieve one milestone after another and continue building 'The Good Milk Story'.

Regards,



Devendra Shah
Chairman





MD's Message



“

Let your passion be your purpose in the pursuit of your goal.

”

WHITER AND BRIGHTER OPPORTUNITY

Dear Shareholders,

The financial year 2017-18 embodies a year of strategic initiatives. We made an effort towards improving almost every aspect of our value chain – right from building stronger farmer relationships to improving our milk procurement, to capacity expansions, distribution strategies, brand building, and new product launches. We continued our innovation-driven approach towards becoming the most admired and trusted dairy FMCG company in India.

As most of you might already be aware, we are the only company in India that derives all our products from 100% cow's milk. Hence, building a strong milk procurement



strategy has always been the topmost priority for us. Our manufacturing facilities are strategically located at Manchar in Maharashtra's Pune district and Palamaner in Andhra Pradesh's Chittoor district, which have a high population of dairy animals, especially cows. In these regions, we have

built strong relationships with farmers to ensure an uninterrupted and high-quality supply of milk throughout the year. This is aided by the real-time analysis of the quality of milk we procure at the village-level collection centres and a cold-chain network that is maintained throughout the procurement chain, right till the milk reaches the plant. Such systems, along with the leading practices we follow at our dairy farm, Bhagyalaxmi, give us the opportunity to educate and help farmers improve their cows' productivity.



During the past year gone by, we also made investments for improving and increasing our manufacturing capabilities. A notable step in that direction was the acquisition of the manufacturing unit of Danone Foods and Beverages India Pvt. Ltd., the local entity of the French dairy company Danone SA. Located in Sonipat, Haryana, the plant is spread across 5,500 sq. metres. The acquisition is a strategic investment in strengthening the Company's fresh category distribution in the North and East regions of India. As part of the investment, the Company also plans to refurbish the new facility with additional capabilities by installing processing units for pouch milk, flavoured milk, buttermilk, cup curd, mishti doi, as well as expanding the existing yoghurt facility.

Besides this, we made investments to increase our capacity in cheese from 40 MT to 60 MT per day and installed a first-of-its-kind Whey processing unit. We also expanded our paneer capacity by five times to 20 MT per day by installing a fully-automated paneer unit, which allowed us to significantly improve the hygiene, quality, freshness, and shelf life of our packaged paneer to 75 days. These value-added products, especially cheese, paneer, and Whey protein, fetch us higher realisations and margins, thus bolstering a strong sustainable business model.

In the past year, we have consciously focused our efforts on increasing our distribution reach across India. Currently, we have a pan-India distribution network with 250,000+ retail touchpoints, catered to by 3,000+ distributors and 140+

super stockists. Despite this, the opportunity to scale up our presence is huge. We have adopted a framework based on the Theory of Constraints (TOC) to build our supply chain and logistics capabilities and to expand our distribution network. On the front end, we are scaling up the Sales Force Automation (SFA) and Distributor Management System (DMS) at a fast pace which, in turn, will add more muscle to PMFL distribution. Once the DMS is in place, orders will automatically get triggered when inventory levels fall below a certain level. In terms of SFA, we are able to track the movement of the entire sales team of Parag which is visible real-time on the net. All data such as the throughput, volumes and performance can be seen and to back all this, we have implemented SAP across all our verticals and are further investing in data analytics. Such initiatives will ensure that our products are replenished across the distribution chain according to consumption patterns and are pull-based, rather than forecast or push-based. This will also ensure that we increase the reach of our products as well as the range of products present across the retail outlets.

We have also tied up with a cold chain logistics player that has allowed us to deliver different products requiring varying temperatures in a single unit. This will further improve the efficiency of our distribution network.

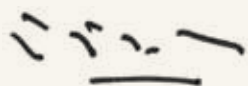
Over the years, PMFL has invested judiciously in establishing its brands through innovative marketing and branding strategies. We made significant investments in digital and social media in FY18. Besides traditional mediums, we organised several consumer engagement programmes and in-store activities to enhance brand recall.

Our products are sold under 7 brands: Gowardhan, Go, Pride of Cows, Topp Up, Milkrich, Slurp and Avvatar. Fresh milk, Ghee, Butter, and paneer are sold under the Gowardhan brand, while UHT milk, fresh cream, cheese, yoghurt and beverages are sold under the Go brand. Predominantly dairy-based beverages for instant consumption are sold under the Topp Up and Slurp brands. Pride of Cows is our premium brand, which is currently used for marketing 'farm-to-home' fresh cow's milk – with a potential to expand into several other premium offerings. We are also the first Indian company to launch a made-in-India, vegetarian, B2C Whey protein for sports nutrition under the brand Avvatar.

During the year, we adopted the IND-AS for preparing our financial statements. Our consolidated revenue registered a 12.9% growth from Rs. 17,307.4 million in FY17 to 19,545.1 million in FY18. Consumer product revenues registered a 15.7% growth from Rs. 11,079.0 million in FY17 to Rs. 12,817.8 million in FY18. In the total revenue, milk products comprised the maximum share at 65.6%, followed by fresh milk and SMP at 19.9% and 12.9%, respectively. EBITDA margin expanded by 594 bps from Rs. 683.2 million in FY17 to Rs. 1,932.9 million in FY18, whereas PAT margin expanded by 418 bps from Rs. 47.1 million in FY17 to Rs. 870.6 million in FY18. Exports comprised 3.1% of total revenues and was Rs. 596.4 million in FY18. We also achieved several improvements in our working capital cycle and strengthened our ROCE to 15.8% this year.

Finally, it is important to note that the opportunities in the dairy industry are immense. Given our strong hold in the value-added space, our robust portfolio of products and an expert team behind this, we are well-poised to leverage this opportunity and create mid-and long-term sustainable growth and value creation for all our stakeholders.

Best Wishes,

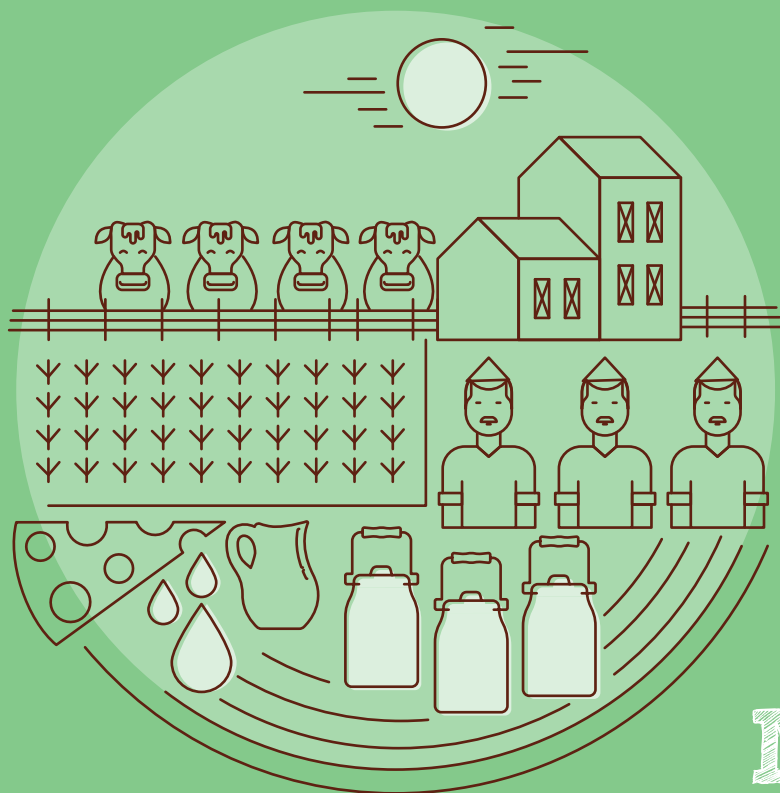


Pritam Shah
Managing Director



CHAPTER I

The Transformation



2 lakh+ Farmers as Partners

3 Manufacturing Units

9 Milk Processing & Packaging Units

1 State-of-the-art Dairy Farm

2.9 mn litres per day
Milk Processing Capacity

7 Brands

2.5 Lakh+
Retail Touch Points

MILK AND BEYOND

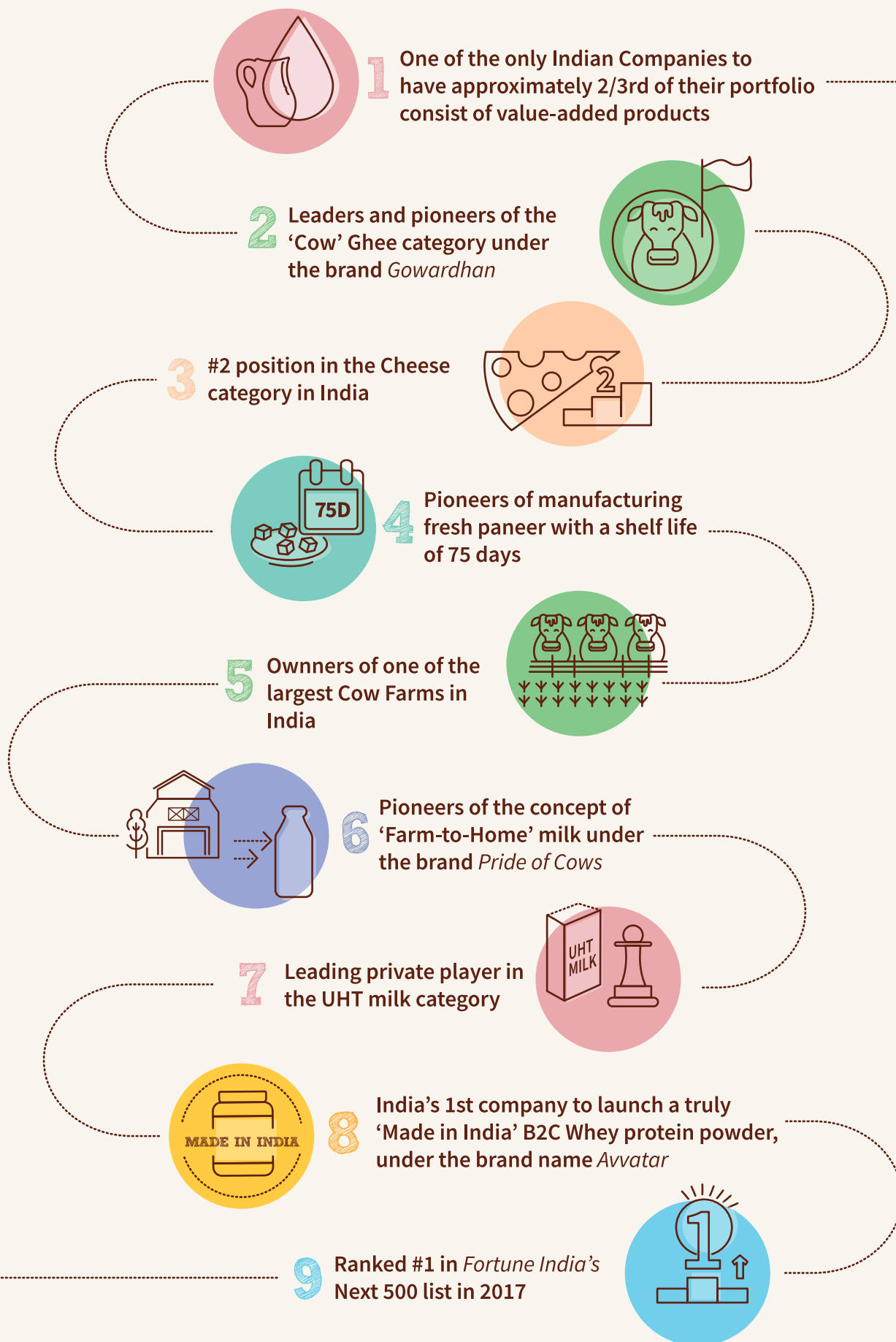
Opportunity-driven growth

“They say strength is about choosing your own path and living by it.”

PMFL simply started off as a Fresh Milk and Skimmed Milk Powder (SMP) player, eventually spotting a gap in the market that was not being adequately serviced by existing players. This is where the transformation started. The seeds of change were sown in 1998 by commissioning the first value-added products plant in the cow belt region of Manchar, Maharashtra. Since then, PMFL has evolved its offerings to a large portfolio of milk-based products.

Along with having a significantly large share of value-added products in our portfolio, we have set ourselves apart by ensuring all our products are made of 100% cow's milk, meeting global standards.

PMFL, as it stands today...

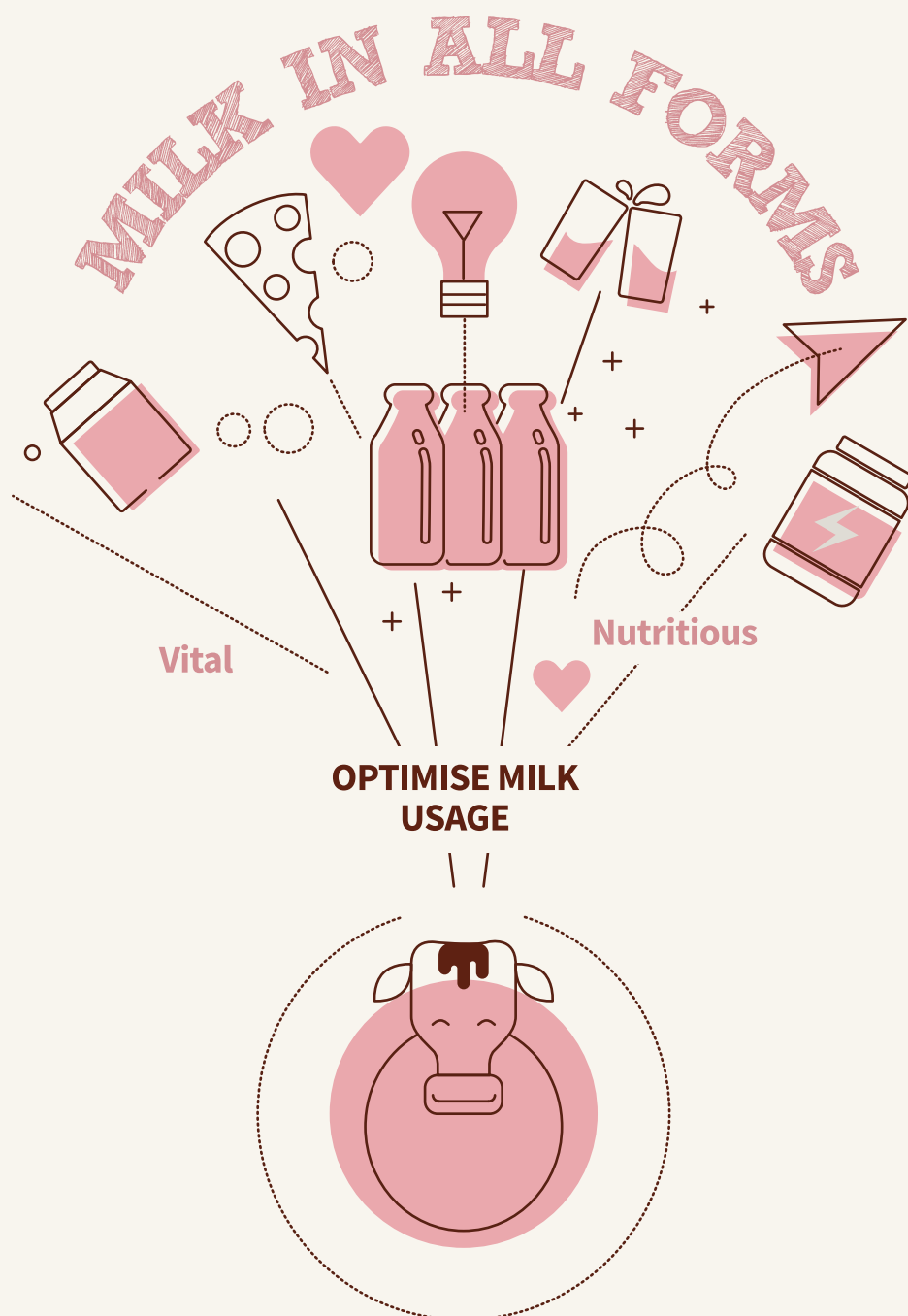


VISION

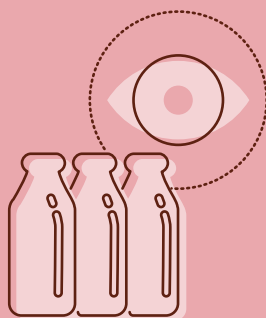
We aim to keep hearts healthy, provide nourishment, and connect to consumers through fresh and high-quality value-added products manufactured from 100% cow's milk by partnering with the farmer community.

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

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



MISSION



Dairy innovation

Our focus on dairy innovation aids in producing an array of products. These products are nutritious and healthy and are marketed under well-targeted brands.



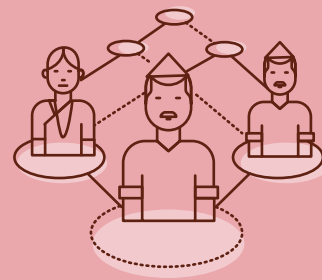
Our Consumers

High-quality and tasty food is a fundamental requirement at PMFL and all of our efforts are directed to ensuring safe practices while maintaining global quality standards across the value chain to make our customers trust our brands.



Our Shareholders

Drive shareholder value-creation through strong corporate governance along with a true and fair view of the Financials.



Partnering with dairy farmers

We work with dairy farmers to enrich their lives while setting new standards for sustainable dairy production. Our basic motto is to use our resources in a viable manner and our long-term environmental strategy can make this happen.



Good citizenship

As a responsible Corporate, we wish to positively impact society through leading by example and adapting the best industry practices.

THE GREAT MILKY TALES...



1992

PMFL was founded in 1992 with one purpose:
To deliver high-quality Fresh Milk and Dairy
Products to consumers

1998



Commissioned the Manchar plant in
Maharashtra and began manufacturing
Traditional products like Butter and
Ghee under the brand Gowardhan

2005

Birth of Bhagyalakshmi Dairy Farms
India's first modern dairy farm with
state-of-the-art technology



2008

Commissioned
India's largest
Cheese Plant
with a capacity
of 40 MT/day



2010

Commissioned the second
plant in Palamaner in South
India with a world-class
UHT facility

2011

Birth of Pride of Cows,
a first-of-its-kind premium
Farm-to-Home milk brand



2014

Launched B2B Whey protein to cater to our institutional clients



2015

Relaunched the brand Parag Milk Foods Ltd. with a new identity



2016

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



2017

Entered the Juice drink market by launching Slurp
Absolute Whey protein under the brand Avvatar



2018

Established our third manufacturing facility in North India in Sonipat, Haryana on acquiring Danone's manufacturing facility

Extended the line of Health and Nutrition products

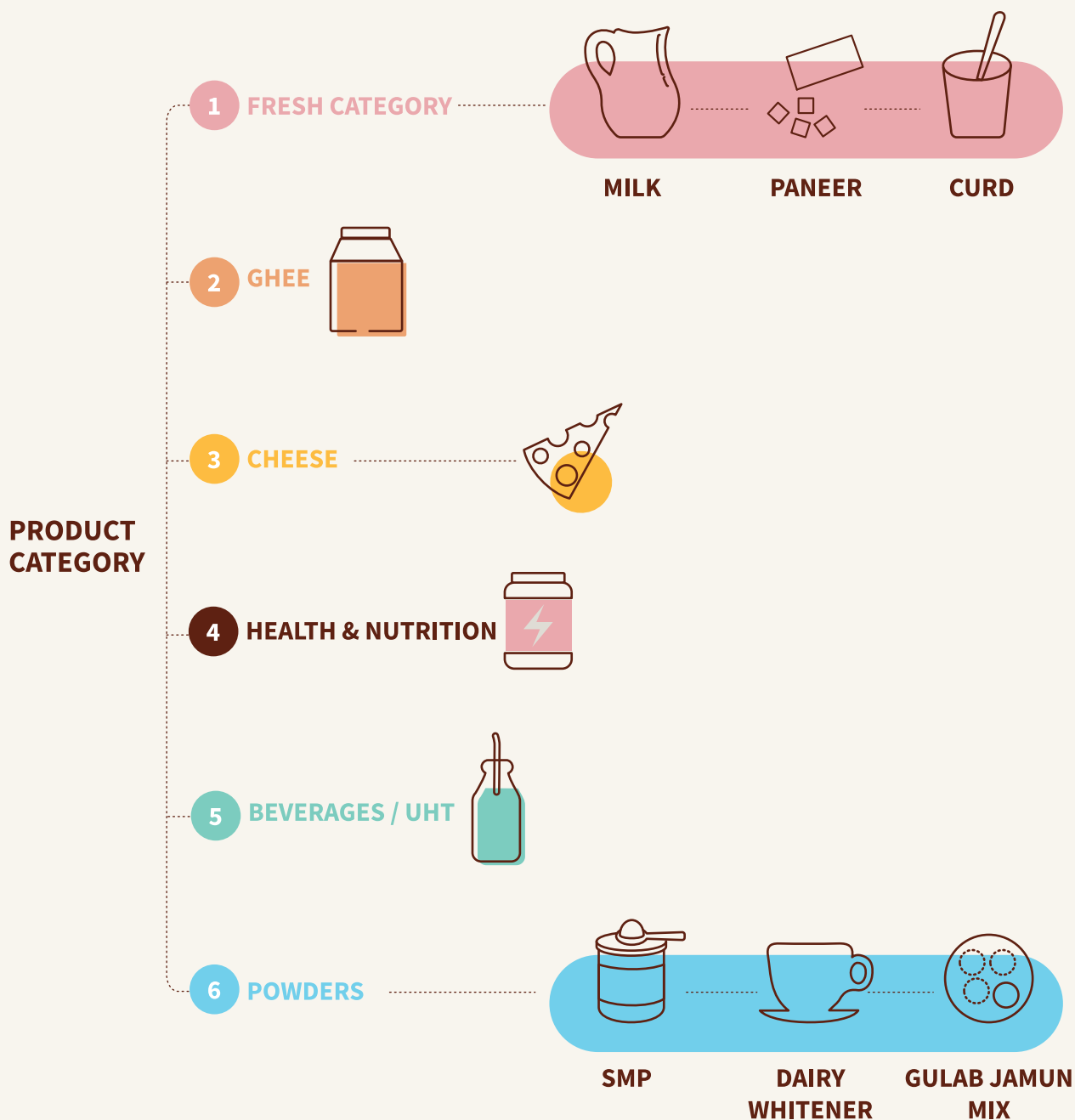
Launched Mishti Doi

Launched a new variant under the brand Avvatar – Advanced Muscle Gainer



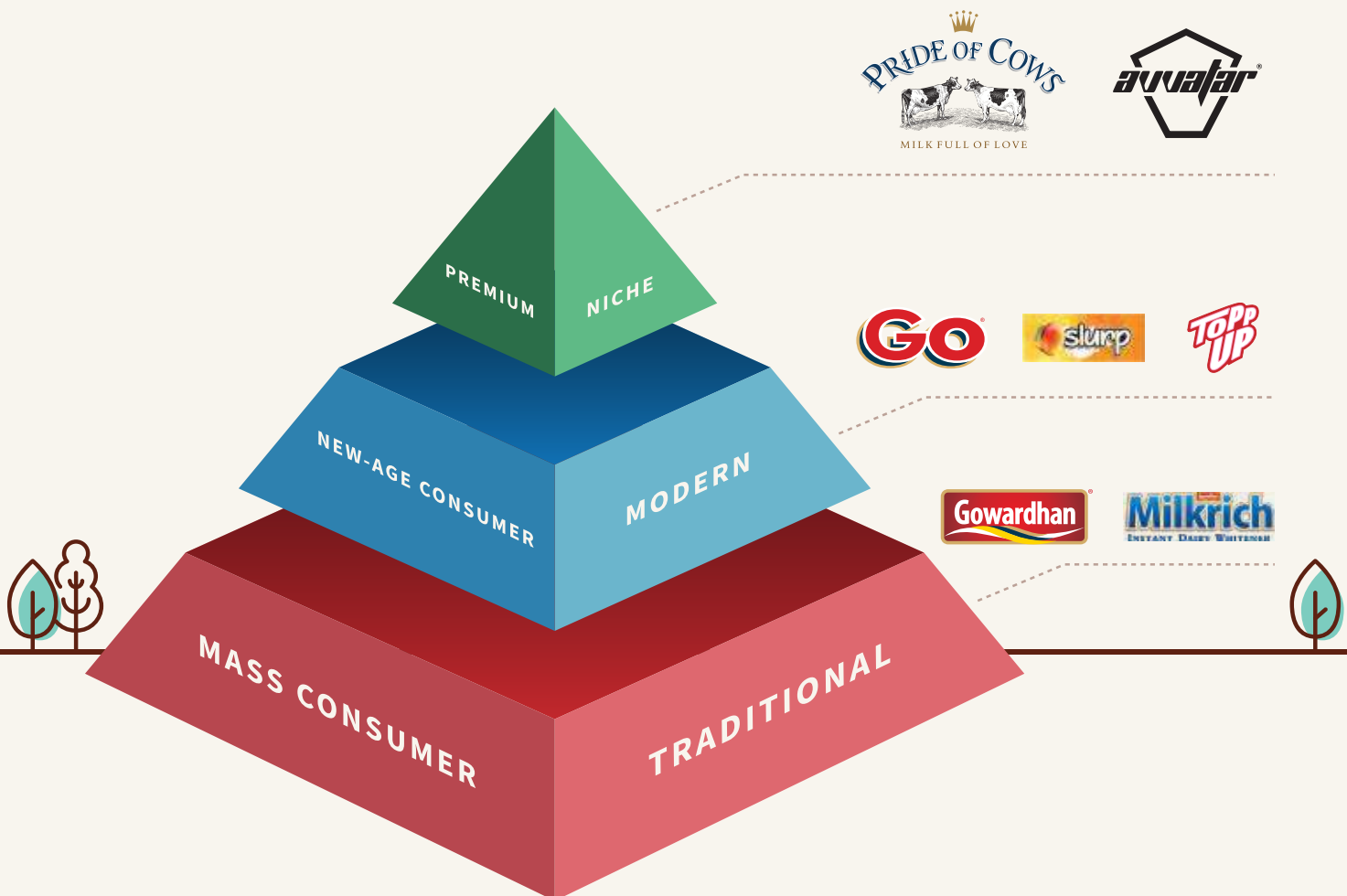
DIVERSITY

PMFL boasts of a diverse portfolio of 6 consumer-centric product categories with 7 distinctive Brands.



PRODUCT POSITIONING

Through our multi-brand strategy, we are able to move across the value chain and cater to different target groups that belong to different strata of society. Through our distinctive product range, we have been able to successfully cater to every segment through our Traditional, Modern and Premium categories. The products under the Traditional category mainly find their use as cooking ingredients in traditional Indian recipes. The Modern category offers products for on-the-go consumption, particularly targeting children and youth. The Premium segment targets health enthusiasts and consumers seeking premium quality cow milk and niche products.



Premium



Modern



Traditional



CHAPTER II

Procurement

THE WHITE KNIGHTS...

*"A little win for your partner
is a little win for you."*

Our supply chain network procures 100% cow's milk from over 2 lakh farmers in 29 districts across Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu. We have established over 3,400 village-level milk collection centres.

PMFL believes in empowering both, its team and its associates.

Product quality begins with the raw materials

A product's quality is directly impacted by the raw materials used. At PMFL, we pay special attention to our primary input, milk, and subject it to intense quality control. Being one of the few dairy players to have an integrated model, we have the advantage of easy access and control over our entire value chain. This begins with milk procurement and goes up to our sales touch points and beyond.

Farmers – our Direct Partners

Farmers are the beginning and the most vital part of our value chain. Over the years, we have established healthy relations with the farmer fraternity within the vicinity of our facilities. Today, they are an active part of our progress and our continuous engagement with them helps us procure milk of consistently high quality. Further, technology also aids in the procurement process by allowing us to maintain the milk's freshness and test its quality at the time of collection itself.

Then:

In the past, lack of adequate cooling facilities restricted farmers from travelling more than once a day to the nearest cooling centre. This negatively impacted the milk's freshness.

Now:

- We have installed additional coolers in the proximity of farmers, enabling them to deliver fresh milk twice a day
- Farmers are educated about the optimum way to raise cows, and the use of cow comfort technology, thereby helping them improve their cows' productivity
- This has led to a win-win situation for both, the farmers (offering prices as per the milk's quality) and the Company (in procuring the best quality milk)
- Farmers' payment is based on both the quality and quantity of milk procured, which is instantly verified at the chilling centres

STRENGTHENING FARMER RELATIONSHIPS

We have used our own farms as R&D centres for creating leading practices to maximise milk production and have passed on this knowledge to our farmer partners through education camps

We conduct regular free health camps and provide vaccinations for cattle to help the community

We supply cattle feed of high quality at subsidised rates to our partners

We conduct regular meetings with the farmer community to assist them with their pain points

**NEVER SAY
'NO' FOR MILK**

**TRANSPARENT
MILK PRICING**

CHAPTER III

Processing

THE BIG MILKY AFFAIR

"It takes a change to make a change."

The raw milk is chilled to 4°C from the point of procurement and maintained as such throughout to lock-in its freshness and purity. The milk processing then starts when it reaches our plants.



Manchar Plant



Palamaner Plant



Sonipat Plant



Bhagyalakshmi Dairy Farm & Bioscience Division

COMBINED CAPACITIES

KEY FEATURES

- World-class UHT facility
- One of the largest Cheese Plants in India
- India's 1st state-of-the-art fully integrated Whey Protein Plant
- Fully automated Paneer Plant

KEY CATEGORIES

CAPACITY

Milk Processing	2.9 mn litres per day
Cheese	60 MT per day
Paneer	20 MT per day
Ghee	110 MT per day
Whey processing	6 lakh litres per day

CHAPTER IV

Product Portfolio

OUR SHINING MILKY STARS...

"Yesterday's dream, today's reality."

We have one of the largest product offerings amongst dairy players that target different groups of consumers – right from the mass consumer to the niche or premium consumer. Our product offerings are spread across 6 categories, namely:

1 FRESH



POUCH MILK

Homogeneous and pasteurized in a modern dairy plant, capturing the nutritious value of pure cow's milk. We have several product variants under the brand Gowardhan, such as Gold, Tea Star, and Fresh. These cater to the different needs of customers, for example, Gowardhan Tea Star is specifically formulated for caterers to create higher volumes of drinks like tea, with the same volume of milk.



PRIDE OF COWS

Pride of Cows, a brand of PMFL, is a first-of-its-kind, superior Farm-to-Home milk, from India's most modern dairy farm. The milk procurement process begins at our Bhagyalakshmi dairy farm in Manchar, which has a production capacity of ~30,000 LPD. The processing of the milk is entirely automated, starting from the milking of the cows in our milking parlour, thereby leaving the milk untouched by human hands. PMFL takes care of the entire process right from milking the cows to delivering the product to the consumer's doorstep.



PANEER

We expanded our paneer manufacturing capacity from 4 MT to 20 MT per day at our Manchar plant by installing state-of-the-art German technology. The paneer made using this technology stays about 15-20% softer and has an extended shelf life of 75 days.



CURD

Like all our products, our curd is also made from 100% cow's milk, and contains 3% fat with 0% cholesterol, making it tasty and healthy.



2 GHEE

Gowardhan Ghee is our flagship product and the most sought-after brand in the ghee market. We are the pioneers in the cow ghee category and hold the leadership position in the overall ghee segment. The product has been well-accepted by the Indian consumer and is a commonly used ingredient in an Indian consumer's daily meals.



Gowardhan Ghee has changed the consumption pattern of ghee from a product used on festive occasions, to a product that is consumed daily.



3

CHEESE



While India's demand for VAP has been on a rise in recent years, until recently, we were highly dependent on cheese imports. PMFL identified the changing consumption pattern in favour of cheese and recognised the opportunity early on. We setup our cheese plant with an initial capacity of 40 MT/day and started manufacturing cheese under the brand Go.

Today, PMFL holds the 2nd largest market share in the cheese category with one of the largest production capacities in India. we have a raw cheese production capacity of 60 MT per day which makes up 20-25% of our product portfolio.

The Company has created a large portfolio of cheese products with 75+ SKUs across our retail and institutional business.

We are also the only Indian company to integrate Indian flavours with cheese. Our offerings include different types of cheese such as mozzarella, cheddar and processed, and are sold across different formats — cheese sauce for nachos, cheese slices in different flavours, pizza cheese, cheese cubes, cheese spread, and cheese wedges.



ALIGNED WITH THE NEEDS OF THE INSTITUTIONAL SEGMENT

We interact with customers at the product's inception phase and also help them curate a menu



We customise our product as per the needs of our client



We maintain product exclusivity



We have developed strong long-term relations with customers



4

HEALTH AND NUTRITION

AVVATAR - B2C WHEY PROTEIN

Whey protein is a by-product of cheese and is produced during the manufacture of cheese products. The Company started off by supplying whey protein to the B2B segment such as pharmaceutical companies, confectionaries and bakeries. Leveraging its knowledge and identifying the gap in the market, the Company launched B2C whey protein powder for sports nutrition under the brand Avvatar. Avvatar is an outcome of PMFL's continuous thrust for product innovation and the Company's vision of catering to the Health & Nutrition segment.

Avvatar is a 100% vegetarian, cow's milk-based whey protein powder that is available in double chocolate, vanilla snow crème, and café mocha flavours. It is also sugar-free, gluten-free and soya-free. Avvatar is the only sports nutrition whey protein manufactured in-house, in a category that is dominated by international players. The integrated manufacturing process at PMFL, right from sourcing milk to the manufacture of whey, helps maintain the quality and freshness of the product.

We are the most integrated whey processing facility in the country and intend to dominate the sports nutrition and nutrition foods segments in India. We not only intend to make the Health & Nutrition segment as ~7% of our portfolio in the medium term, but more importantly, intend to drive up the profitability and growth for both the cheese and whey businesses.

Further, the Company has also introduced a new variant under the brand Avvatar called Advanced Muscle Gainer, a product specially designed to support lean muscle growth

with controlled fat levels. It is India's first product to be certified by Informed Sports from a WADA approved lab in the UK, confirming that it is free of banned substances, making it a perfect product for both consumers and athletes alike.

Avvatar Absolute Whey Protein

contains better-quality protein such as Whey protein concentrate and isolates. The grammage per scoop is as follows:

- 24g – Protein
- 7.8g – BCAA
- 7.9g – EAA
- 4.9g – Glutamic Acid



Avvatar Advanced Muscle Gainer

provides a healthy balance of protein and carbohydrates to help gain quality muscle mass, without gaining excess fat



INSTITUTIONAL WHEY PROTEIN

We supply high-grade whey protein powder to bakeries, confectionaries, large pharmaceutical, and health & nutrition companies.

Whey is a by-product of Cheese. The leftover water content extracted during the manufacturing process of raw cheese is known as whey protein.

5

BEVERAGES / UHT

UHT MILK

UHT milk has a longer shelf life than regular milk. The demand for UHT milk is expected to surge owing to urbanisation and changing consumer preferences for value-added products with low fat content and added nutritional value.



GO BUTTERMILK

India's favourite traditional beverage in two different flavours – Jeera Masala and Southern Spice.

GO LASSI

Rose-flavoured lassi, popular for its distinct taste.

GO BADAM MILK

Cow's milk infused with a rich almond (badam) taste.

SLURP

A combination of alphonso pulp and milk, a unique product in the cluttered juice drink market.



TOPP UP

Flavoured milk in 6 flavours namely, Butterscotch, Strawberry, Pista, Elaichi, Rose and Mango, thus offering a wide variety to choose from.



6

POWDERS

MILKRICH

Our dairy whitener sold under the brand Milkrich is instantly chilled and processed to give a consistently fresh and creamy rich taste. It is ideal for tea and coffee preparation.

**GULAB JAMUN MIX**

Gowardhan Gulab Jamun Mix is a premix used to prepare delicious Gulab Jamun (Indian dessert) in a much faster and easier way at home. It is perfect for celebrations on special occasions.

**SMP**

Skimmed Milk Powder is obtained from spray dried non-fat milk. Unlike other players for whom SMP is a commodity, we have also created a special grade of SMP for our institutional clients.



CHAPTER V

Distribution

OUR WHITE EXISTENCE



17
Depots

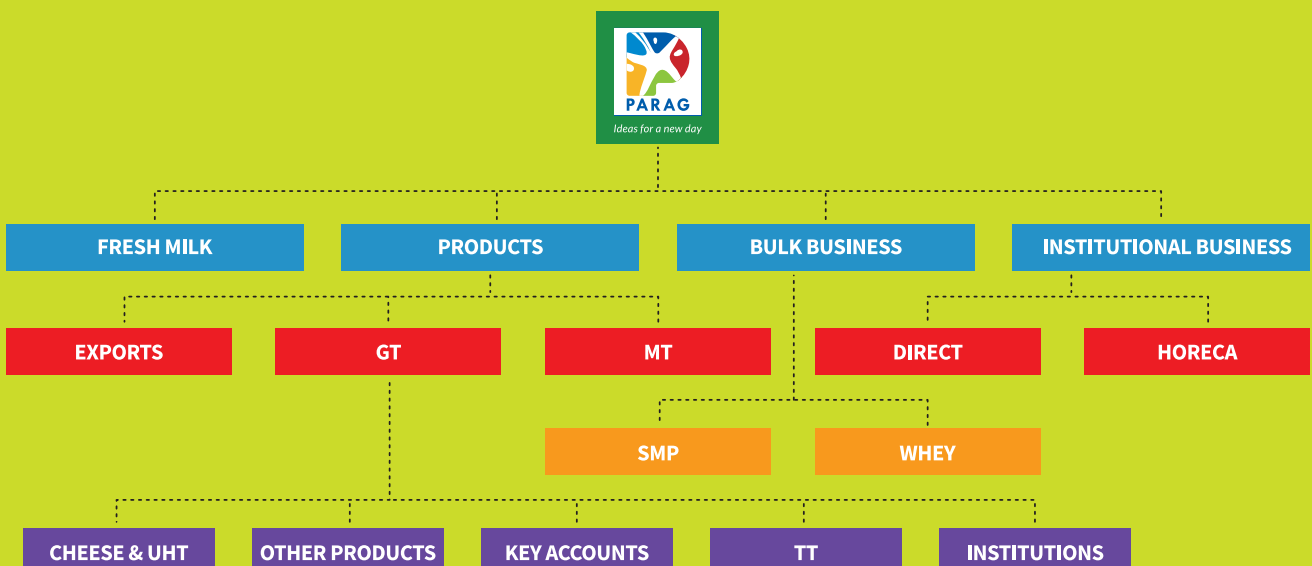
140+
Super stockist

3,000+
Distributors

2.5 lakhs+
Touch points

WELL-INTEGRATED SUPPLY CHAIN NETWORK

Route-to-Market Addressing Diverse Consumption Points



CHAPTER VI

Bhagyalaxmi Dairy Farms

OUR HERO IN WHITE SHINING ARMOUR

*"Because self-sufficiency is
the greatest wealth."*

INTRODUCED THE CONCEPT OF 'GRASS-TO-GLASS'



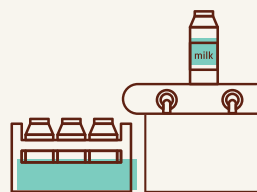
OUR FARM

Lush green farmland, spread across 35 acres, between the Bheema River and the Bheemeshwari mountains in Maharashtra, known for its high-quality green produce.



OUR COWS

Our cross-breed of special Swiss Holstein and Friesian cows (known the world over for producing high-quality milk) are pedigreed and pampered every single day. Every cow is given a separate bed to lie on, shaded green areas to rest, and kept cool with their own fans, sprinklers and water sprays. We strongly believe in the fact that 'Happy Cows give Better Milk'.



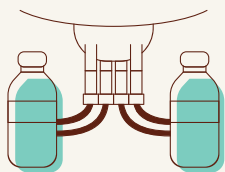
NURTURING

A specially-trained team is hired to look after the cows. Our team's focus is to cater to the needs and requirements of our cows and a 24x7, on-demand supply of food and water is provided. We also ensure that milking is never forced, and hence every cow is nurtured by expert handlers and healthcare providers.



COWS' DIET

Our cows get a planned, wholesome meal every day, with our specially grown high-quality alfalfa, pennisetum, greens, soya, and bran. Our nutritionists ensure the mineral and vitamin content in their customised menus is balanced. The menu is also updated at regular intervals to include fresh seasonal crops. This "Total Meal Ration" is designed to keep cows in peak health with one purpose in mind, production of nutritive, wholesome milk full of natural goodness.



TECHNOLOGY

Our 50-point mechanised Rotary Parlour and strict processes ensure that the milk is both, hygienically and humanely procured. In fact, every cow goes through an electronic health check-up every time it is milked, ensuring that the cow is in good health for milking and the milk is antibiotic free.



LOGISTICS

The milk under the brand Pride of Cows is delivered to customers at their doorstep, while maintaining absolute hygiene and purity. Throughout the process, the milk remains chilled and untouched by human hands.

Pride of Cows is a first-of-its-kind, superior, Farm-to-Home milk with a production capacity of ~30,000 litres a day. With a strong supply chain management, the Company manages to reach more than 20,000 households in Mumbai, Pune and Surat.



Today, Bhagyalakshmi Dairy Farms operates as an R&D centre for dairy farming in India that teaches farmers best practices in animal feeding, rearing and milking. The team has also undertaken an initiative with TafeSA, focused on educating farmers about the right techniques and practices to be followed for improving their cows' productivity.



BIOSCIENCE DIVISION

Our Bioscience division was started with the aim of converting waste into useful, marketable products. The research done at the Bioscience division has helped formulate cattle feed and organic manure for farmers that increases both their cows' productivity and farm produce. Bhagyalakshmi is equipped with a biogas plant with a capacity of 600 m³, generating electricity for captive consumption at our farm.

CHAPTER VII

Marketing Campaigns & Strategies

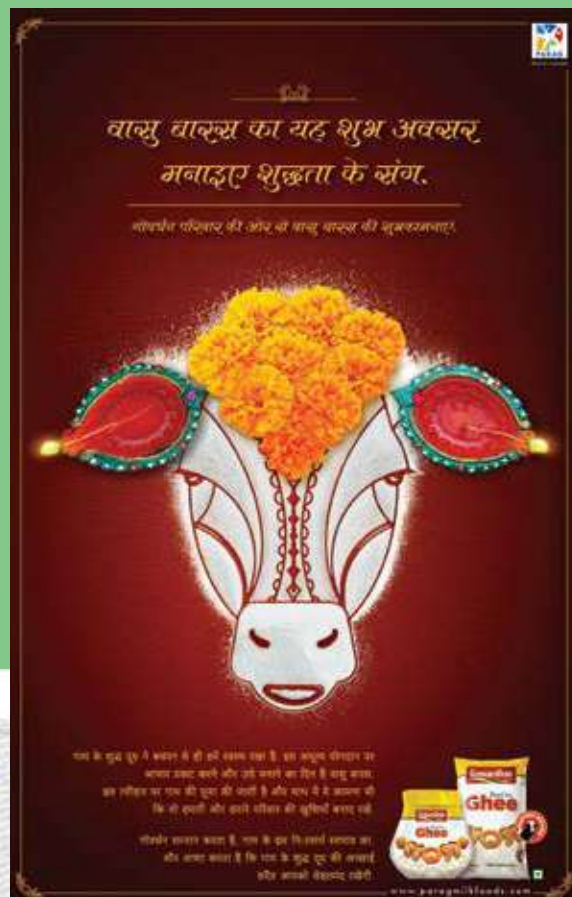
WAVING THE WHITE MILKY FLAG...

At PMFL, our marketing initiatives are based on the philosophy of “Think Global, Act Local”. We use a 360-degree approach that is holistic in nature and is based on strong consumer insight. This helps the Company to create a strong brand image and recall for all its brands, and also helps to increase its market share in all major product categories.

Ghee



Hoarding

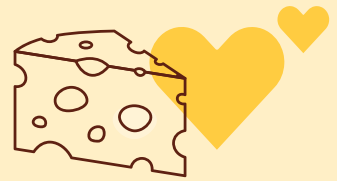


Press Ad



Press Ad

Cheese



Press Ad



YouTube Masthead, 20th Jan, 2018

13 Million views on YouTube

15000+ interactions

5000+ contest participants

520 winners

Curd



Press Ad



Press Ad

Paneer



Press AD/Outdoor

Avvatar



Press Ad



Launch



YouTube Masthead, 3rd Jan, 2018
15 million views on YouTube
10,000+ interactions
2,50,000 website visits

Pride of Cows



Twitter Posts



CHAPTER VIII

Our Marquee Customers

OUR MILKY CROWNING GLORY

"The purpose of every business is to create customers."



CHAPTER IX

Technology

RIDING THE TIDE OF MILKY MAGIC

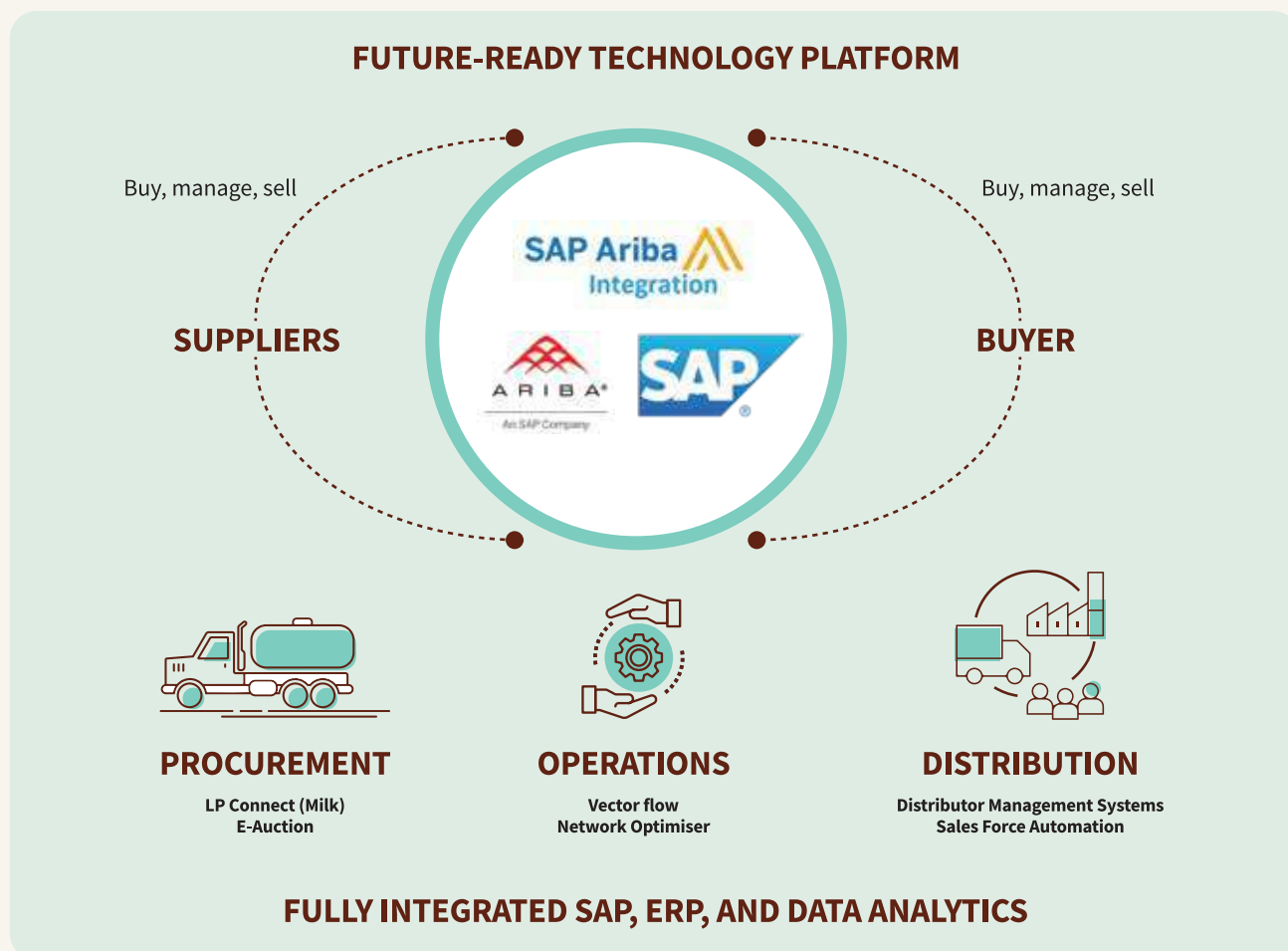
“Because the right technology strengthens us.”

At PMFL, we have made continuous investments towards building a technology-driven organisation.

Given the perishable nature of milk, we have made substantial investments to ensure that the right quality of milk is procured and maintained throughout. Our systems provide a real-time analysis of the quality and quantity of milk procured and this is instantly shared with the farmers. The feedback allows the farmers to take corrective measures and improve their milk quality accordingly. Besides market dynamics, the milk price paid to the farmer is transparent and is determined by the quality of the milk they supply.

We have further implemented SAP systems for seamless integration of our world-class manufacturing facilities, our cold chain, and our distribution network of super stockists and retailers. All the data transactions are diligently captured and in-depth analysis is carried out to ensure optimised data-based decision-making. On the front end, PMFL is scaling up its Sales Force Automation and Distributor Management System to further strengthen the distribution reach.

Ensuring that the Company embraces technology and extracts value out of these investments is one of the key pillars of our strategy.



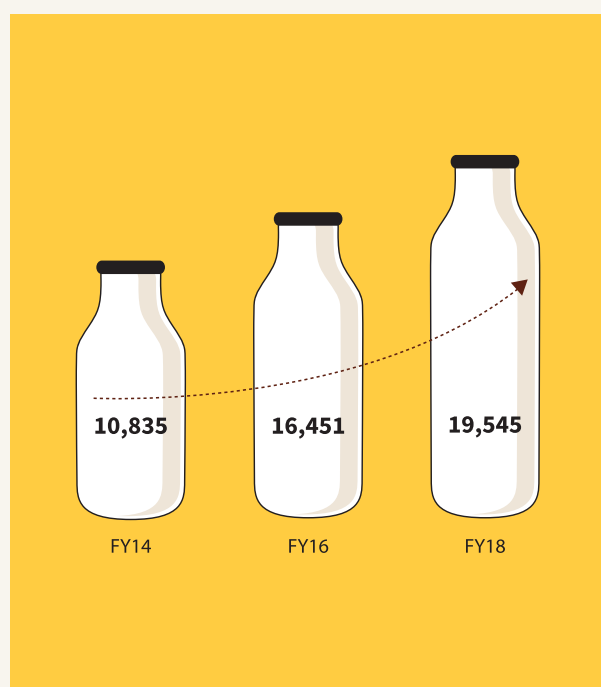
CHAPTER X

Consolidated Financial Performance

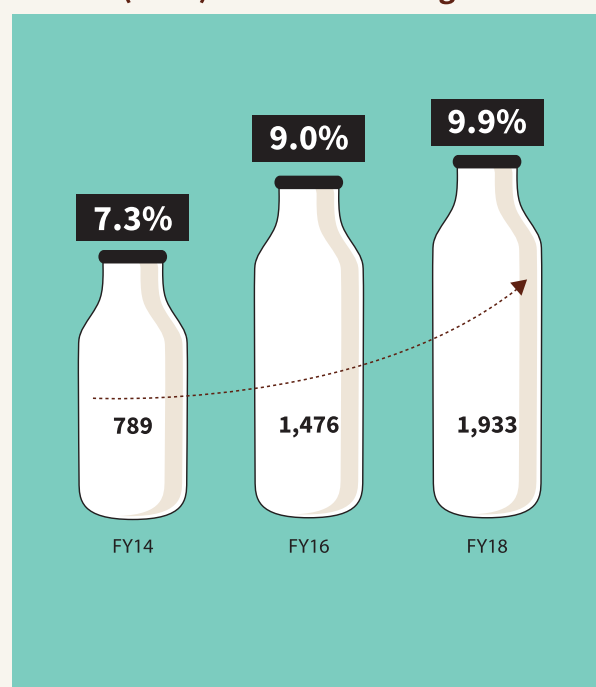
THE WHITE PROGRESS TRANSCRIPT

*"A little progress each day,
adds up."*

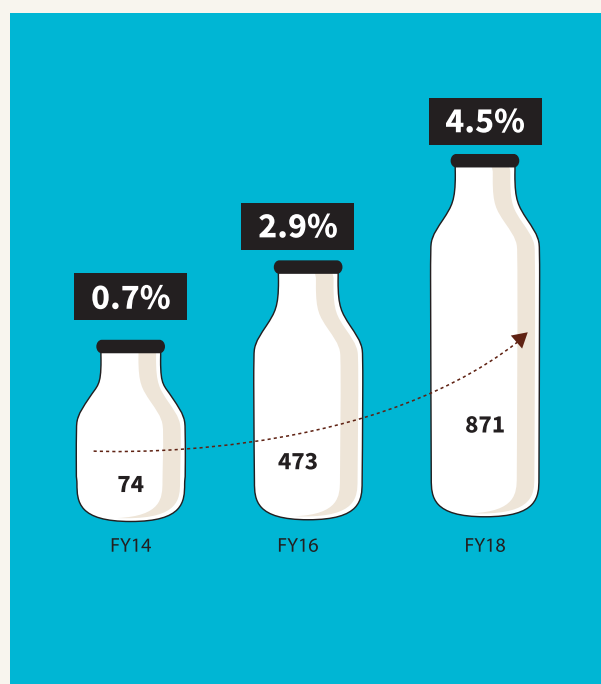
Revenue (₹ Mn)



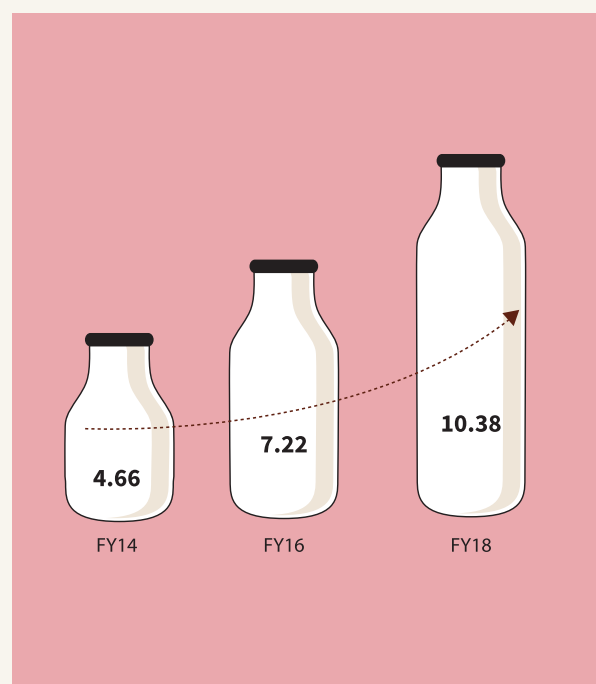
EBITDA (₹ Mn) and EBITDA Margin



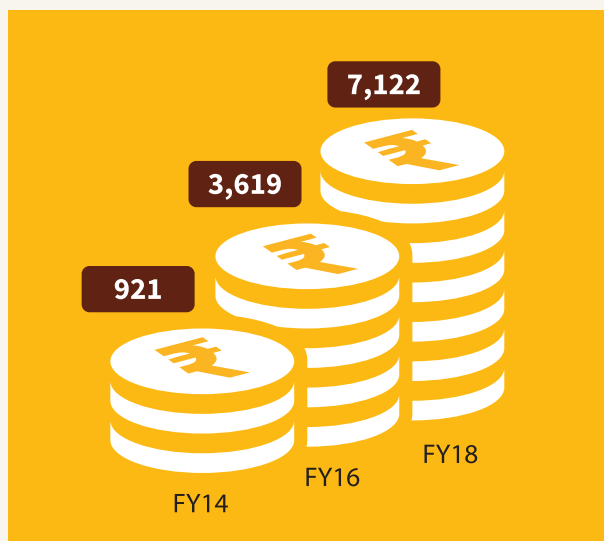
PAT (₹ Mn) and PAT Margin



Basic EPS



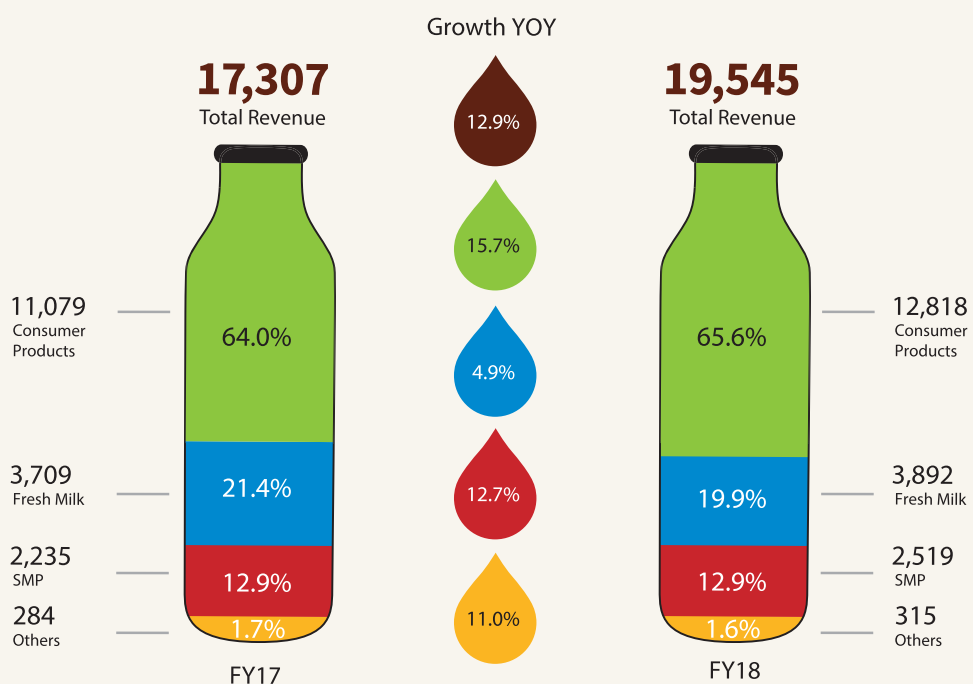
Net Worth (₹ Mn)



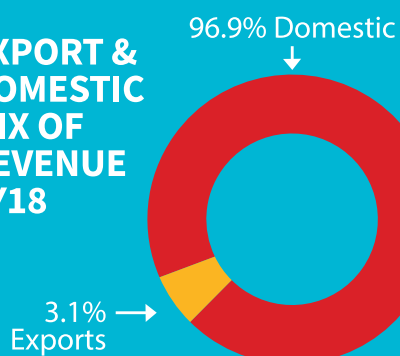
ROCE as on FY18 (%)



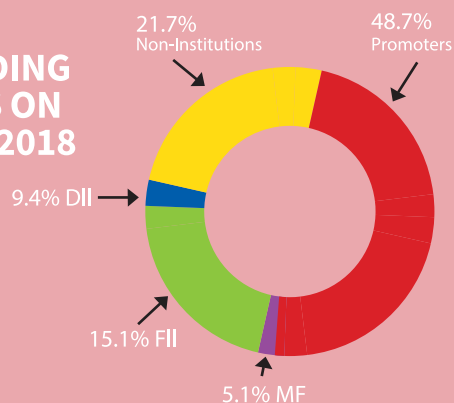
CATEGORY-WISE REVENUE DISTRIBUTION (₹ Mn)



EXPORT & DOMESTIC MIX OF REVENUE FY18



SHAREHOLDING PATTERN AS ON 31st MARCH 2018



COMMUNITY CONNECT INITIATIVES



BOARD OF DIRECTORS



Mr. Devendra Shah
Chairman

Under the leadership of Mr. Devendra Shah, PMFL has grown from strength-to-strength. Driven by his enthusiasm and innovative approach to the business, the Group's revenues have grown manifold. He has promoted one of the largest cow farms in India, called Bhagyalakshmi Dairy Farms. He leads Sharad Sahakari Bank, which is scaling new heights with every passing year under his leadership. He was the ex-Secretary of National Centre for Rural Development. He is well-known for his visionary and innovative abilities.

Mr. Pritam Shah
Managing Director

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

Mr. B.M. Vyas
Director

Mr. B.M. Vyas advises the top management and assists in the creation of efficient and effective growth strategies for the Company. He is closely involved with monitoring the entire gamut of the business processes from the perspective of sales and distribution, getting them streamlined and efficient. Being a dairy veteran, he advises the Chairman on various aspects regarding the development of business.

Mr. Sunil Goyal
Director

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

Mr. Nitin Dhavalikar
Director

Mr. Nitin Dhavalikar holds a Bachelor's and a Master's degree in Commerce from Pune University. He is also a qualified Chartered Accountant. He was appointed to our Board on July 28, 2015 and is currently an Independent Director and Chairman of the Nomination and Remuneration Committee and member of the Audit Committee.

Mrs. Radhika Pereira
Director

Mrs. Radhika Pereira holds a Bachelor's degree in Law from Harvard University. After her articleship with M/s Mulla & Mulla and Craigie Blunt & Caroe, she completed her post-graduation from Cambridge and Harvard. On returning to India, she worked for some time with Arthur Andersen and in the year 1996, she set up Dudhat Pereira & Associates. Later, she joined as a Partner at Shardul Amarchand Mangaldas & Co at their Mumbai Office.

Mr. Ramesh Chandak
Director

Mr. Ramesh Chandak is the fellow member of the Institute of Chartered Accountants of India, Masters in Commerce and has completed the Advanced Management Programme at Harvard Business School. He is closely working with the Company on growth strategies and cost reduction initiatives. He was awarded the 'CA Business Leader of the Year - 2008' by The Institute of Chartered Accountants of India.

Mr. Narendra Ambwani
Director

Mr. Narendra Ambwani holds a bachelor's degree in electrical engineering from the Indian Institute of Technology, Kanpur. He has also served as managing director of Johnson & Johnson's consumer group. He has an experience of 39 years in the consumer product industry and was ex-Chairman of the Advertising Council of India (ASCI). He was appointed to our Board on May 26, 2015 and is currently an Independent Director and Chairman of the Stakeholders' Relationship Committee and member of the Audit Committee.

OUR CHAMPIONS IN WHITE ARMOUR

“When individual wants are replaced by collective good”



Mr. Vimal Agarwal
Chief Financial Officer

He is a Chartered Accountant and an MBA by qualification. He has a rich and diversified experience of 17+ years in leading FMCGs in India with his latest stint being in Pepsico India. He has expertise in Financial Planning, Reporting, Capex & Opex Budgeting, Commercial and Supply Chain Management, Working Capital Management & Cost efficiency strategies. He has demonstrated his leadership skills by driving profitable growth while enhancing Governance Standards in consumer product companies.



Mr. Amarendra Sathe
Chief Commercial Officer

He has 24+ years of experience in new product launches, brand management, sales promotion & distribution management. He is PGDMM (Marketing) from INDSEARCH Institute of Management and B.Sc from A.G. College. Prior to joining us, he was associated with Kimberly-Clark Lever Pvt. Ltd as Director Sales India & SAARC.



Mr. Harshad Joshi
Chief Operations Officer (Plants)

He is a graduate in Dairy Technology from S.M.C. College of Dairy Science, Energy Conservation in Dairy Industries from NDDDB and Strategic Retail Management from ISB. He has 26+ years of experience in dairy business. Prior to joining us, he was associated with Vizebh Agri Sciences Pvt Ltd, Maahi Milk Producer, Bharti - Walmart.



Ms. Akshali Shah
Senior VP - Strategy (Sales and Marketing)

An MBA in Family Managed Business from S.P. Jain Institute of Management & Research, she is actively involved in Branding, Marketing & Advertising strategies, category intelligence & competitive analysis. She has also played a key role in revamping the corporate identity of the company. She has recently won the “Entrepreneur of the year in service business- FMCG” award by Entrepreneur India.





Mr. H.S. Oberoi
President - Cheese Manufacturing

Mr. H.S. Oberoi advises the leadership team on strategic business initiatives. A Mozzarella Cheese manufacturing expert, he has a B. Tech degree and over 52 years of extensive experience in the dairy industry. In his career, he has worked with Modern Dairies Ltd., Road Master Food Ltd., Milk Federation etc.



Mr. Sachin Shah
VP - Southern Operations

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



Mr. Sanjay Mishra
General Manager - Manchar Plant & Sonipat Plant

Mr. Sanjay Mishra has over two decades of experience and is a Specialist in Processed Cheese Recipes. He has a deep understanding of the evolving Indian palate and can develop various products to suit the Indian taste. He also supports the Liquid Milk Procurement in the Company. In his career, he has worked with renowned dairy firms like Vadilal Dairy International Ltd. and Gokul Dairy.



Mr. Sanjay Nakra
General Manager - Palamaner Plant

Mr. Sanjay Nakra is a Dairy Technologist with experience of over 25 years in Dairy Plant level manufacturing. His illustrious career includes stints across key companies like Glaxo SmithKline, Himachal Milk Product, Foremost Industries, and Modern Dairies. He travels across the world, to track global practices and advancements in the dairy sector.



Surendra Mahajan
Sr. VP - Information Technology

A technology expert with a vast experience of 15+ years in various industries like FMCG, automobiles, etc. In PMFL, he is responsible for developing & maintaining integrated IT / SAP architecture, CRM & SRM etc.



Rajeev Bhanawat
Business Head - Fresh Milk

A Dairy veteran with 25+ years of experience in handling the fresh milk business. He is with PMFL since the last 9 years. He has worked with renowned companies like Mother Dairy, NDDB & Aditya Birla Retail etc.



Mr. VPS Malik
VP - Institutional & HORECA Sales

An Expert in developing strong & successful business relationships with various institutional clients like Unibic, Jubilant Group, to name a few. He comes with more than 29 years of experience. He is with PMFL since the last 9 years and under his able guidance PMFL has taken leadership in the institutional and HORECA segment.



Mr. Rajneesh Vasudeva
Sr. VP - GT & MT Sales

He has more than 25 years of experience in Sales & marketing, customer lifecycle management, and international business development. Prior to PMFL he was with Hutchison Telecom (Hongkong) Ltd.



Mr. Niharendu Sarkar
VP - Supply Chain Management

He is a certified practitioner of Theory of Constraints in Supply chain with a vast experience of over 20 years. He has worked with renowned organizations like VIP Industries Ltd and Bajaj Electricals Ltd to name a few.



Vinay Jain
VP - Whey Protein & Consumer Business

He has an MBA and comes with 17+ years of experience in managing strategic accounts, with a deep understanding of consumer and brand marketing, and new product development. Prior to PMFL, he worked with Amway India Enterprises Pvt Ltd.



Mr. Ajit Kulkarni
Business Head - Health & Nutrition

He has 15+ years of experience in formulating sales & product life-cycle strategies, creating effective marketing programs, and planning new product launches. He has worked with Ruchi soya and Unicharm India Pvt Ltd prior to joining PMFL.



Rachana Sanganeer
Company Secretary & Compliance Officer

She holds a Bachelor's degree in Commerce and Law from Mumbai University. She is also a member of the Institute of Company Secretaries of India. She has been the Company Secretary at PMFL since December 2013. She has over 18 years of experience and has earlier worked with Raymond Ltd., Parle International Ltd., Bailey Beverages Ltd. Etc.

CORPORATE INFORMATION

Chairman

Mr. Devendra Shah

Managing Director

Mr. Pritam Shah

Directors

Mr. B.M. Vyas
Mr. Sunil Goyal
Mr. Ramesh Chandak
Mr. Narendra Ambwani
Mrs. Radhika Pereira
Mr. Nitin Dhavalikar

Investor Desk

Ms. Natasha Kedia
Head – Investor Relations
investors@paragmilkfoods.com

Corporate Communications

Ms. Pournima Surve
Pournima.surve@paragmilkfoods.com

Management Team

Mr. Vimal Agarwal
Chief Financial Officer

Mr. Amarendra Sathe
Chief Commercial Officer

Mr. Harshad Joshi
Chief Operations Officer (Plants)

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

Mr. H.S. Oberoi
President – Cheese Manufacturing

Mr. Sachin Shah
VP - Southern Operations

Mr. Sanjay Mishra
General Manager - Manchar Plant &
Sonipat Plant

Mr. Sanjay Nakra
General Manager – Palamaner Plant

Statutory Auditor

Haribhakti & Co. LLP
Chartered Accountants
Hermes Centre Premises Society Limited
Office No. 103, 1st Floor, S No. 185A,
Shastri Nagar, Yerwada, Pune - 411 006.

Cost Auditor

Harshad S. Deshpande & Associates
Cost Accountants
1254 Sadashiv Peth,
Pune - 411 030.

Secretarial Auditor

N.L. Bhatia & Associates
Company Secretaries
Skyline Oasis Complex,
Ghatkopar (W),
Mumbai - 400 086.

Internal Auditor

KPMG in India
Building No. 10, 8th Floor,
Tower-B, DLF Cyber City,
Phase - II,
Gurgaon - 122 002 (India)

Bankers

Union Bank of India
State Bank of India
IDBI Bank Limited

Registrar & Transfer Agent

Karvy Computershare Private Ltd.
Karvy Selenium,
Tower B, Gachibowli,
Financial District,
Hyderabad - 500 032

Plant Locations

Manchar Plant
Awasari Phata, Manchar,
Pune - 410 503

Palamaner Plant
Palamaner Mandal,
District - Chittoor,
Andhra Pradesh - 517 408.

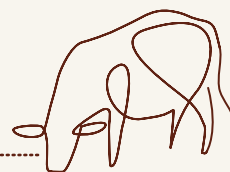
Sonipat Plant
Plot 2266 – 2268, Food Park,
Industrial Estate-RAI,
Sonipat, Haryana – 131029.

Corporate Office

20th Floor, Nirmal Building,
Nariman Point, Mumbai - 400 021.

Registered Office

Flat No.1, Plot No. 19,
Nav Rajasthan Society,
S.B. Road,
Shivaji Nagar, Pune - 411 016.



Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Dairy Industry

The Indian dairy plays an important role in the socio-economic development of the rural economy and is an important source of income for millions of homes in villages. Since most of rural India depends on agriculture, which is prone to the vagaries of nature such as droughts and floods, dairying is an important secondary source of income for them. Often, one or two milch animals, allow these farmers to generate sufficient income and provides year-round stability, especially in the years of drought.

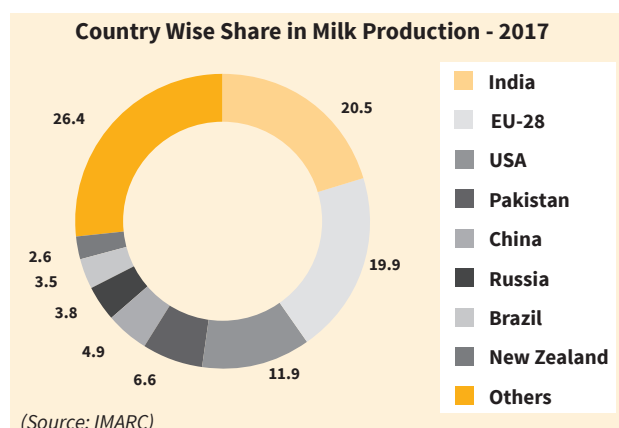
The Indian Dairy Industry is one of the largest and fastest growing markets for milk and milk products. The total industry size stands at approximately ₹ 7.1 trillion in 2018 (as per market realisations) and is projected to reach a value of ₹ 9.4 trillion by 2020. Rising urbanisation, changing consumer lifestyles, higher disposable income, higher proportion of working women and an increasing youth population is boosting the dairy industry.

The dairy industry comprises mainly two sub-categories:

1. Commodity: Comprises of fresh milk and skimmed milk powder
2. Value-added products: Comprises of a gamut of products like Ghee, Curd, Cheese, Paneer, Beverages and Whey protein, among others

In 2017 India's milk production stood at 169 MMT, contributing to around 20.5% of the total global production. 77% of this production is retained by the producers for household consumption and the rest is available for commercial use. The milk production grew by 4.5% volume CAGR between FY10-16. In terms of value, the Indian Dairy Industry recorded an impressive 16.9% CAGR during the same time period with strong growth in organised sector. This was mainly led by better realisations and value-added products which grew 23% annually as compared to the 15% for liquid milk. Going forward, the milk production is expected to witness 4.2% CAGR and the industry size is expected to grow by ~14-15% CAGR in value terms to ₹ 9.4 tn between FY17-20E.

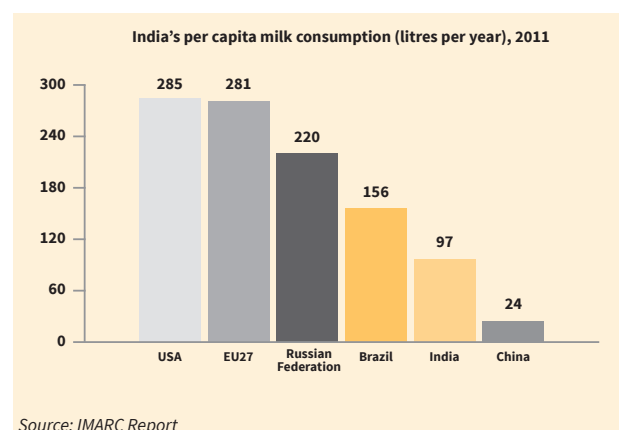
(Source: National Action Plan for Dairy Development Vision 2020, IMARC Report, 2015)



Top Milk Producing Countries (million MT)

Countries	2017	2018E	2019E	2020E	2027E	CAGR
India	169	174	181	188	244	3.7%
EU-28	164	167	167	169	177	0.8%
USA	98	98	99	100	105	0.7%
Pakistan	54	56	58	59	70	2.8%
China	40	43	44	45	50	2.3%
Russia	31	31	31	31	31	0.0%
Brazil	29	30	30	31	36	2.1%
New Zealand	21	22	22	23	25	1.5%
World	823	844	859	875	994	1.9%

India's monthly per capita expenditure on the consumption of milk and milk-based products has witnessed a 9.5% CAGR over the past four decades. On an average, dairy products account for 19% of household expenditure. This growth has translated into making the Indian dairy industry, the world's fastest growing industry valued at ₹ 7.1 trillion currently. However, India's per capita milk consumption (97 litres annually) is lower than other major milk markets – nearly 1/3rd of USA and EU27. Led by urbanization, higher disposable incomes and changing consumer habits, the per capita consumption is estimated to rise in the years to come. (Source: NDDDB)



PRODUCT CATEGORIES

Fresh milk

Fresh milk is the largest category in the Indian dairy industry. However, a majority (77%) of the milk sold in India is still unorganised and in the form of loose milk sold by milkmen. The organised sector, too, is highly fragmented with several regional players and co-operatives. The organized fresh milk market is growing faster than the unorganised market and is estimated to account for 26% of the total liquid milk market by 2020.

We are seeing an increasing trend of consumers shifting from loose liquid milk to branded packaged milk due to safety and quality concerns. The Company has a strong presence in the urban parts of West and South India and is currently the largest private player in Mumbai, the second largest private player in Pune and amongst the top players in newer markets like Bangalore, Hyderabad, Chennai and Nagpur, among others.

Ghee

Ghee is traditionally used as cooking oil in Indian households and is the second largest category in the Indian dairy industry after fresh milk. Current ghee volumes are estimated to be ~1.8 million MTs and expected to reach 2 million MTs by 2020. The organised Ghee market is very low at around 18-20% of total but is witnessing a CAGR of 17%. In order to differentiate ourselves in such a large category, we created a new segment “Cow Ghee” and are currently the most sought after brand in the category. With higher consumer acceptance and availability, along with increasing health consciousness, the cow ghee segment is growing faster than the overall ghee market.

Cheese

India’s cheese market is one of the fastest growing segments among dairy products. Current cheese volumes are around 50,000 MTs and are expected to reach 85,000 MTs by 2020. Rise in food service outlets and changing food habits has triggered the increase in demand of cheese products. Till a few years ago, India’s cheese market was dominated by block cheese, slices and cubes. However, through innovation, the Company has created a special place for itself in this category, garnering a leadership position in the cheese segment.

The Company also dominates the Institutional & HORECA segments and through product innovations, is trying to capture a larger share of the consumer market. Maharashtra, where the Company started off from, is the largest market for cheese consumption, followed by Gujarat, Delhi, Tamil Nadu and Uttar Pradesh.

Paneer

Paneer is to India what cheese is to the Western world and is an integral part of many Indian recipes. It is the third largest segment in the milk-based products category. Current paneer market is 1.5 million MTs, expected to reach 1.8 million MTs by 2020 representing a market size of ₹ 65,000 crores. However, only ~3% of the total market is organized due to the fact that Paneer is consumed like vegetables in Indian households and therefore purchased fresh on a daily basis. Given that consumers are now preferring paneer which is hygienic and is consistent in taste, the trend towards branded packaged paneer is gaining momentum.

The Company has pioneered the concept of fresh paneer with long shelf life to capture the consumer’s preferences. Being a leader in the cheese category, PMFL intends to establish its leadership in the paneer category as well. With innovation in manufacturing & packaging, the Company has created a long-shelf life for fresh paneer, which is made from 100% cow milk, and has created rapid consumer acceptance. Moreover, although paneer was previously largely consumed in the northern and western regions of India, Southern and Eastern cuisines are now seeing a proliferation of paneer, causing a rapid growth in this category.

Curd (Dahi)

Curd industry has seen a dramatic shift from being a product that was traditionally made at home or bought from a nearby dairy outlet to a branded and packaged product. The organized curd market is currently very low at ~6% of total market. However, it is witnessing a rapid CAGR of over 20%, with even higher growth in the metro markets. Current Curd volumes are estimated at around 3.2 million MTs and expected to reach 4 million MTs by 2020, translating to a market size of ₹ 50,000 crores.

The Company is well-positioned to dominate this category in major markets owing to its distinctive home-made recipe made from 100% Cow’s milk. The Company also has a significant presence in major metros like Mumbai, Pune, Nagpur, Hyderabad, Bangalore & Chennai and is now expanding into Delhi NCR and nearby markets of North and East India.

UHT & Beverages

Ultra-High Temperature (UHT) milk is a value-added dairy product with a niche market owing to its longer shelf life and ease of use. India’s UHT milk market is accelerated by several factors like increasing disposable incomes, improving standards of living, high proportion of working population and western influence on the dietary patterns. As a result, the consumers have shifted

towards purchasing products which are healthy and meet high quality and hygiene standards. Moreover, as UHT milk does not need to be boiled and can be consumed directly, it provides a convenient option to consumers who lead busy lives. Besides this, flavoured milk has also gained popularity and consumer acceptance has improved in the recent years.

The Company has a strong presence in the UHT milk segment. Besides this, we are also present in the beverages segment through the introduction of buttermilk, lassi, flavoured milk (Topp up & Go Badam Milk) and juice drink (Slurp).

Whey Protein

Whey Proteins market is estimated at 35,000 MTs, translating into a market size of ₹ 3,000 crores, growing at more than 25% every year. The market today is evenly divided between sports nutrition and nutrition foods at ~₹ 1,500 crores each. The Company has the most integrated & largest whey processing facility in the country and intends to dominate this market. We have already introduced 'Avvatar' whey protein under the sports nutrition category and are in process of launching other products under the health and nutrition space as well. With this, PMFL not only intends to have its nutrition business as 7% of its portfolio in the medium term, but more importantly, intends to drive the profitability and growth for both its Cheese & Whey businesses.

Skimmed-Milk Powder

The Company has made investments in quality enhancement of SMP and have focused its efforts to develop a speciality institutional business for SMP by signing long-term contracts with leading FMCG companies and companies selling high-end nutrition products. This will not only provide visibility in terms of the revenue garnered from the sale of SMP, but will also help the company combat the volatility faced in the sale and realization of SMP.

GROWTH DRIVERS

The Indian dairy industry has seen a strong and sustained growth in the last decade based on two factors – increase in per capita consumption and consumers favouring branded packaged products. With rising urbanization, a higher disposable income and a large proportion of working women, there is a tendency to use ready-to-eat and high-quality milk products, which has made value-added products like cheese, ghee, paneer, etc, essential items in one's monthly grocery list. This trend is increasingly seen in urban India and it is expected to be followed by rural areas as well.

Consumers are also becoming brand conscious, which means that they are moving away from making dairy products at home or purchasing it from the local dairy outlet, and are now preferring consistency in quality and taste of products that is provided by organized dairy players like us. Hectic lifestyles and growing health problems, means that consumers do not mind paying a premium for quality products.

Changing health consciousness is causing a shift from aerated and 'brown' drinks to healthier beverages made from milk such as buttermilk, lassi, flavoured milk, amongst others. Moreover, with a greater per capita income and urbanization, Indians are changing their dietary pattern in favour of protein. We have seen that Indian households are consuming lesser cereals and increasing their consumption of milk and dairy products. In 2012, Indian households spent approximately 20.3% (urban) and 18.7% (rural), respectively, out of their total monthly expenditure on milk and dairy products.

Given that a large part of the Indian population is protein deficient, protein products are becoming increasingly popular. For those training at the gym regularly, the basic requirement of protein is even higher. Hence, with milk being an essential and relatively cheaper commodity, consumption is bound to increase.

Another trend that is driving the multi-year growth in this industry is the shift from the 'unorganised' to the 'organised' market. Only ~25% of the milk production is procured, processed and sold through organized dairies in India. In the fresh milk products segment, there is a huge scope for organised sector to grow as their market share is as low as 3% for paneer and 6% for curd.

This shift from the unorganized to the organized market also means that there is a rising demand from value-added dairy products (VAP) and consumers are upgrading from 'pouch milk/powders' to VAP. Traditional milkmen or small dairy shops selling, for instance, curd, have disappeared today, mainly in urban areas, with many branded players launching curd with consistency in quality and taste.

Government Initiatives

The Government has laid out certain measures for the dairy sector in the Union Budget 2018-19. It has given great importance to increase the milk production in the country and for this purpose, it plans to register 40 million milch animals with UID and issuance of health card, which will lead to 20% increase in milk production by 2020. The Government has also planned to allocate ₹ 200 crores in FY19 for the establishment of 20,000 plus self-employed dairy units, provide training to 4,000 multipurpose artificial

insemination technicians and to introduce sex sorted semen technology of 1.5 million doses to increase the availability of high genetic merit heifers to increase milk production and profitability in dairy farming. The outcome of these factors and of these efforts of the Government would increase the value of output of milk by ₹ 15,000 crores along with additional employment to 1 lakh people and increase in artificial insemination by 15% over the medium term.

Further, in Union Budget 2018-19, ₹ 10,000 crore fund was allocated by the Government of India in for the upgradation and modernising of milk procurement, processing and marketing operations. This will lead to an increase in number of milk collection centres at the village level and encourage farmers to supply more milk to the organised sector. Farmers will get the right price for the milk they produce, owing to the elimination of middle men, which in turn will benefit the overall industry through the availability of better quality of milk.

FINANCIAL PERFORMANCE

The company recorded a Consolidated Revenue of ₹ 19,545.1 million for FY18 as compared to ₹ 1,7307.4 million in the previous financial year, representing a growth of 12.9%. Growth in revenue was driven by a growth in the consumer products category, mainly in value added products like cheese, paneer, and ghee.

Gross Profit for FY18 was ₹ 5,866.2 million as compared to ₹ 4,719.1 million in FY17, signifying a growth of 270bps YoY driven by better revenue mix management. The Gross Profit Margin was 30.0% in FY18.

EBITDA witnessed a growth of 594 bps from ₹ 683.2 million in FY17 to ₹ 1,932.9 million in FY18. The EBITDA Margin stood at 9.9% for FY18 driven by operating efficiencies.

PAT for FY18 stood at ₹ 870.6 million with a PAT Margin of 4.5% driven by higher EBITDA margin and volume leverage.

The consumer products category, which is the largest revenue generator for the company, witnessed a 15.7% growth YoY, rising from ₹ 11,079 million in FY17 to ₹ 12,818 million in FY18. The revenue mix changed in favour of consumer products with the total share of consumer products increasing from 64.0% in FY17 to 65.6% in FY18.

The share of Fresh Milk, Skimmed Milk Powder and other revenue (category which includes the conversion income from the job-work done for others) was 19.9%, 12.9% and 1.6% of total revenues for FY18. Finally, exports consisted of 3.1% of the revenue mix.

Our focus continues to remain on growing our consumer business and strengthening our position as a strong dairy FMCG player. We will continue to increase our share of consumer products in our portfolio, through distribution expansion and launch of innovative value added products.

RISK MANAGEMENT

The Company has developed robust risk management policies to proactively identify possible business risks, and thereby implement the right mitigation strategies.

As a dairy FMCG player, ensuring continuous availability of high quality cow milk is the company's topmost priority. The Company has over time developed strong relationships with farmers which helps in the procurement of the right quality and quantity of milk. The Company also educates farmers about cow well being and trains them for improvements in cow productivity, thereby improving both the cow yield as well as milk quality. Milk, being a perishable commodity, efficient cold chain management is required to keep the milk fresh and healthy. Any disruption in the cold chain can significantly reduce the quality of milk that reaches the plant. In this regard, the Company has built collection centres at the village level and an efficient cold-chain network to keep the milk chilled throughout, thereby maintaining its freshness till it reaches the plant for further processing.

Technology and innovation play a key role in improving our value-added product portfolio and increasing our presence in the market. PMFL's manufacturing facilities are equipped with state-of-the-art technologies which reflect our future readiness. Technology plays an important role across our value chain – starting with the real-time assessment of milk quality at the time that it is procured, to processing of milk into innovative products, right uptill it is seamlessly distributed across India. Furthermore, our continuous innovation leading to a robust R&D pipeline is what allows the Company to deliver value-added products aligned to the varied needs of its consumers.

A strong distribution network is essential for maintaining a healthy market share. The Company has in place well-built supply chain networks at the back-end and strong distribution channels at the front-end which ensures the timely availability of products to the consumers. The Company has a strong presence in tier II cities as well owing to its efficient product handling and distribution systems.

Apart from this, the Company also monitors the economic and political environment and takes preventive actions to mitigate any unfavourable factors that could impact the Company's future prospects.

HUMAN RESOURCE

We believe that people equity is the foundation for the long-term sustainability of our business. People with the right capabilities, who are engaged with the organization's goals and values contribute to the growth of the Company.

The Company has over the years promoted a spirit of entrepreneurship, leadership and teamwork that has led to enhanced employee performance. The Company has also implemented several learning and development programmes for the professional growth of each individual. The Company strives to provide a congenial work environment that respects individuals and encourages career growth and has in place effective employment policies, procedures and practices as well as rewards and recognition programmes, to attract and retain the right talent.

The Company continues to work towards improving its Industrial relations by focusing on improving employee engagement through formal and informal programs. As on March 31, 2018, the Company had a total of 1,787 employees on its pay roll.

INTERNAL CONTROLS & ADEQUACY

The Company's Internal Financial Control (IFC) framework has robust internal control procedures commensurate with its size and operations. The Company's internal control system

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

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

CAUTIONARY STATEMENT

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

MT – Metric Tonnes

Directors' Report

Dear Members,

Your Directors are pleased to present the Twenty Sixth Annual Report of the Company together with the Audited Financial Statements (Standalone and Consolidated), for the financial year ended 31 March, 2018.

FINANCIAL HIGHLIGHTS

The comparable financial performance of the Company (Standalone & Consolidated) for the Financial year ended 31 March, 2018 is summarized as under:

Particulars	(₹ In million)			
	Standalone		Consolidated	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Revenue from Operations	19,181.18	17,010.85	19,545.06	17,307.39
Other Income	56.30	86.28	119.98	128.90
Total Income	19,237.48	17,097.13	19,665.04	17,436.29
Profit before Tax before exceptional items	1,076.23	99.58	1,189.58	182.62
Exceptional Items	-	(193.84)	-	(193.84)
Profit from ordinary activities before tax	1,076.23	(94.26)	1,189.58	(11.22)
Less:- Tax expenses	291.43	(76.63)	319.02	(58.78)
Profit After Tax (PAT)	784.80	(17.63)	870.56	47.56
Dividend on equity shares(including tax on dividend)	75.85	50.62	-	-
Earnings per Share				
Basic	9.36	(0.21)	10.38	0.58
Diluted	9.33	(0.21)	10.35	0.58

Figures for FY 2016-17 have been restated as per Ind AS and therefore may not be comparable with financials for FY 2016-17 approved by the Directors and disclosed in the financial statement of previous year.

INDIAN ACCOUNTING STANDARD

The Ministry of Corporate Affairs (MCA) on 16 February, 2015, notified that Indian Accounting Standards (Ind AS) are applicable to certain classes of companies from 1 April, 2017 with a transition date of 1 April, 2016. Ind AS has replaced the previous Indian IGAAP prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. Ind AS is applicable to the Company from 1 April, 2017.

The effect of the transition from IGAAP and Ind AS has been explained by way of a reconciliation in the standalone financial statements and consolidated financial statements.

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The Highlights of the Company's Performance (Standalone) for the Year Ended 31 March, 2018 are as under:

Revenue from operations increased by 12.76% to ₹ 19,181.18 million from ₹ 17,010.85 million in previous year.

Profit before Tax was ₹ 1,076.23 million as compared to a loss of ₹ 94.26 million in the previous year.

Profit after Tax was ₹ 784.80 million in comparison to a loss of ₹ 17.63 million in the previous year.

Financial Performance Review and Analysis (Consolidated)

The Company achieved a consolidated turnover of ₹ 19,545.06 million for the year ended 31 March, 2018, resulting in an increase of 12.90%, as compared to ₹ 17,307.39 million in the previous year. Increase in revenue

is primarily on account of growth in value added products and product mix. Profit after tax on consolidated basis was ₹ 870.56 in comparison to ₹ 47.56 million in the previous year on account of gross margin expansion and operational efficiency.

DIVIDEND

The Board of Directors is pleased to recommend a final dividend of ₹ 0.75/- per equity share of face value of ₹ 10/- each for the financial year ended 31 March, 2018 payable to those Member's whose names appear in the register of Members as on the Record date amounting to ₹ 75.85 million (inclusive of dividend distribution tax of ₹ 12.93 million).

The final dividend is subject to the approval of Members at the ensuing Annual General Meeting (AGM).

TRANSFER TO RESERVES

The Company did not transfer any sum to the General Reserve for the financial year under review.

BUSINESS OVERVIEW

Parag Milk Foods Limited (PMFL) is India's leading manufacturer and marketer of branded dairy foods and beverages based on 100% cow milk. The Company started off with collection and distribution of milk in 1992, and, over the years, it has evolved as India's largest dairy FMCG player by developing a large portfolio of dairy and value-added products with a strong focus on health and nutrition. The Company has diverse range of products like cheese, ghee, fresh milk, whey proteins, paneer, curd, yoghurt, milk powder and dairy based beverages targeting a wide range of consumer groups under the brands Gowardhan, Go, Topp Up, Pride of Cows, Avvatar, Milkrich and Slurp.

Innovation has been an essential driver of the Company's progress. It has transformed the way the Company meets the consumer demands by consistently introducing innovative products that have re-defining categories. Besides, it has also brought in innovation across its integrated business value chain, strengthening Company's competitiveness. The Company has built a strong portfolio of value-added products to stay in sync with the evolving consumer preferences.

The financial year 2017-18 was ruled by several innovative and new product launches, line extensions, consumer engagement, supply chain enhancements, brand building and most importantly, an enhanced focus on health and nutrition segment.

To strengthen the company's presence in north region, we have introduced fresh dahi. With this launch, we have expanded our geographical reach and have entered into ₹ 1,500 cr curd market of Delhi. The Northern region contributes ~33% of curd consumption in India.

We have also launched Mishti Doi which is nutritionally rich in protein. We believe the addition of Mishti Doi to our product portfolio will further build up the Gowardhan Dahi category. This traditional Bengali dessert is a delicious way to end every meal.

We have launched Gowardhan Paneer as a fresh paneer category with a shelf life of 75 days and is made from 100 % cows' milk. It is a rich source of proteins and vitamins. Being the 1st mover, we intend to create Branded category of fresh Paneer and rule the market as category leader. It is unadulterated and despite of 75 days of shelf life, it is free from preservatives and additives. This is the only product which has used ESL technology.

As we call ourselves "The Cheese People" and innovation is in our DNA. We have helped in developing and expanding the cheese market through the launch of several one-of-its-kind products like Cheese slices in the flavours of Green chutney (Mint leaves), Schetzwan, Piri-Piri, Cheese spreads in the flavours of Smoked Paprika, Herbs and Olives, Garlic, Spice and Gourmet cheese, amongst others in the past. To continue the legacy, this year, we have launched G0 Cheese Cubes and Go Chocolate Cheese this year. Go chocolate cheese is the unique variant - a product that combines the taste of chocolate in the form of cheese.

With a mix of tasty and healthy, Go Chocolate Cheese is a distinctive product specially introduced to satiate the consumers' changing preferences, while at the same time to provide nutrition to kids.

'Go Cheese Cubes' are creamy, tasty, and are all natural with no preservatives, emulsifiers, artificial colours or flavours, making it suitable even for health conscious consumers. It is a rich in calcium and milk protein. With the launch of 'Go Cheese Cubes', our aim is to cater to the growing retail segment by providing a mass-consumption item like cheese cubes, which is versatile in terms of applications. We are confident that

this product will help us strengthen our distribution network in tier II & tier III markets where the penetration of cheese is increasing rapidly

In the whey protein segment, the Company widened its product offerings under the Avvatar brand by launching Advance Muscle Gainer. Advanced Muscle Gainer is the 1st Gainer in India to get Informed-Sports certification from WADA approved lab in UK confirming that it is banned substance free making it a perfect product for consumers and athletes. It is a healthy balance of freshest blend of protein and carbohydrates to help consumer gain lean muscle mass. Each 60g scoop offers highest protein (25.5g) in mass gainer segment along with 24g carbohydrates and naturally occurring 5.7g BCAA and 4.3g glutamic acid. It is a right blend of Protein-Carb Matrix - Whey Protein Concentrate and Isolate, Casein, Maltodextrin and Dextrose, specially designed for Indian consumers understanding Indian diet patterns. It has No added sugar which ensures that all the required calories comes from good quality Protein-Carb matrix. It is enriched with 21 vital vitamins and minerals to support overall well-being and growth

To strengthen the presence in north we have acquired the manufacturing unit of Danone Foods and Beverages India Pvt Ltd., the local entity of French dairy firm Danone SA. The acquisition will strengthen the Company's distribution of fresh category products like milk, dahi, paneer, yogurt in the Northern and Eastern regions of India, which is largely dominated by buffalo milk consumption. This move will bring us closer to the end consumer and will give us an edge to understand the consumer preferences in northern India. The plant is spread across 5,500 square meters on the outskirts of Delhi NCR. Its current milk processing capacity is 0.75 LLPD (lakh litre per day) along with curd processing capacity of 15 tonne. We aim to educate farmers on best practices and help enhance their income. Initially we have associated with over 2,000 farmers (to procure cows milk) and we will keep on adding to these numbers going forward.

During the year, the Company laid strong emphasis on enhancing the supply-chain management and distribution network. The Company also appointed a consulting group to optimise its distribution model through the concept of 'Theory of Constraints'. It allowed the Company to improve the distribution reach with lower stock outs, reducing non-moving inventory and better rationalisation of inventory at dealers, retailers and the company level. The roll out of SFA (sales force automation) and DMS (distribution management system) will further strengthen the distribution network.

We have also strengthened our leadership team with strategic hirings and created new positions including Chief Operations Officer and Chief Commercial Officer (CCO). All these senior executives are seasoned professionals with long stints in the FMCG sector. As a strategy, we are focusing on becoming a strong national FMCG dairy company and putting more emphasis on growing our consumer business. With the support of the new senior leadership team, we are aiming at a double digit growth this fiscal.

Export Market

PMFL enjoys a strong reputation and brand recall across several geographies through its exports across UAE, Singapore, Oman, Kuwait, Mauritius, New Zealand, Australia, Congo, Seychelles, Iraq, Hong Kong, Philippines, Sri Lanka, UAE and Bangladesh.

During the year, the Company recorded an export turnover of was ₹ 596.43 million as against ₹ 568.22 million last year, increasing ~5% during the year.

Bhagyalaxmi Dairy Farm Pvt. Ltd.

Bhagyalaxmi is India's first modern dairy farm consisting of approximately 2,500 Holstein Friesian cows, equipped with state-of-the-art technology for feeding, milking and processing of fresh milk. It is PMFL's subsidiary with a production capacity of approximately 30,000 LPD. It produces "Farm- to-Home" premium milk under the brand name of "Pride of Cows" (POC). Over the years the brand has gained demand from the markets due to its unique characteristics like fresh, untouched and unadulterated milk. Being fully automated without any human intervention the quality and safety of the milk has been accepted by our 20,000 households in Mumbai, Pune and Surat. The farm also operates as a R&D centre for dairy farming in India that educates farmers on best practices in animal feeding, rearing and milking for improving their cows' productivity. PMFL also created a bioscience division with the aim of converting waste into developing cattle feed and organic manure for farmers.

Future Prospects

The Company enjoys strong partnerships with top institutional buyers in the country and will continue to deliver quality-consistent, customised product requirements.

The Company is bullish about its prospects in the health and nutrition segment. With the launch of its first 100% natural immunity booster called 'GO Colo Power' in July 2018, the Company has further strengthened its offerings in the health & nutrition segment, which further reiterates its leadership in the value-added products category.

Colo Power is made from the first milk of cows just after calving and is enriched with immunoglobulins and probiotics and has the same goodness equivalent to that of a mother's first milk. The colostrum helps to build long-term immunity and improves and strengthens the digestive system.

With the ongoing investments in solidifying the supply chain management, the Company is hopeful of expanding its distribution reach to the untapped markets as well as improve existing distribution efficiency and productivity.

SHARE CAPITAL

During the year under review, there was no change in the Equity Share Capital of the Company.

The Authorised Share Capital of the Company is ₹ 1,000,000,000/- made up of 100,000,000 Equity Shares of ₹ 10/- each, and the Issued, Subscribed and Paid Up Share Capital remains ₹ 841,145,820/- made up of 84,114,582 Equity Shares of ₹ 10/- each.

The Company has not issued shares with differential voting rights nor granted any stock options or sweat equity during the year under review. None of the Directors of the Company hold instruments convertible into equity shares of the Company.

Material Changes and Commitments affecting the Financial Position of the Company which have occurred Between the end of the Financial Year of the Company to which Date the Financial Statement relate and Date of the Report.

- I. During the year, the Company sought approval of Members by way of Special Resolutions through Postal Ballot as required pursuant to Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (the "Act") for the following Special Resolutions.
 1. Re-classification of IRIS Business Solutions Private Limited from Promoter Category to Public Category; and
 2. Increase of Investment Limit by Non-Resident Individuals to 24% of the Paid-up Equity Capital of the Company.

The resolutions were approved by the requisite majority and were deemed to have been passed on Monday, 9 April, 2018.

- II. Acquisition of manufacturing plant from Danone Foods and Beverages India Private Limited ("the Seller") which is part of the global food products multinational corporation headquartered in Paris (hereinafter referred to as "Danone"). The Company has acquired Danone's factory situated at Plot No. 2266-2268, Food Park Phase -2 HSIIDC Industrial Estate- Rai, Sonapat, Haryana-131029, and proposes to spend additional capex for further expansion to be carried out in it.

SUBSIDIARY COMPANY

As on 31 March, 2018, the Company has one Wholly Owned Subsidiary called Bhagyalaxmi Dairy Farms Private Limited (BDFPL) which is located at Manchar, Pune. BDFPL which is fully automated cow farm, housing over 2,500 Holstein Friesian cows with superior quality yield. BDFPL was established with the aim to educate farmers about best practice of breeding, feeding, animal management and improving productivity.

BDFPL's total revenue stood at ₹ 832.45 Mn in FY 17-18 in comparison to ₹ 517.98 Mn in FY 16-17. BDFPL made Profit After Tax of ₹ 85.78 Mn for FY 17-18 in comparison to ₹ 65.19 Mn in FY 16-17.

The accounts of the Subsidiary are also uploaded on the website of the Company at www.paragmilkfoods.com

Pursuant to the provisions of Section 129 of the Company's Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the Subsidiary Company in the prescribed format AOC-1 is appended as **Annexure - I** to this Report.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company for the FY 2017-18 are prepared in accordance with the requirements of Indian Accounting Standards AS 110 (read with IND AS

28), issued by, Central Government under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, the Listing regulations, the Audited Consolidated Financial Statements of the Company forms a part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Retirement by rotation and subsequent re-appointment

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

- i. Mr. Bharat Kedia resigned w.e.f 10 July, 2017, as Chief Financial Officer (Key Managerial Personnel) of the Company. Pursuant to the recommendation of the Nomination and Remuneration Committee and Audit Committee, Mr. Vimal Agarwal has been appointed as Chief Financial Officer (Key Managerial Personnel) of the Company w.e.f 21 December, 2017.
- ii. Mr. Pritam Shah (DIN- 01127247) has been re-appointed as Managing Director and Mr. Devendra Shah (DIN-01127319) has been re-appointed as Whole-time Director respectively for a further term of 5 years w.e.f 1 April, 2018 to 31 March, 2023, subject to the approval by the Members in the ensuing AGM.
- iii. Mrs. Rachana Sangneria is the Company Secretary and Compliance Officer of the Company as on 31 March, 2018.

Pursuant to Regulation 36(3) of the Listing Regulations, the brief profile of the Directors eligible for re-appointment forms part of the Notice of the AGM.

DECLARATION OF INDEPENDENCE FROM INDEPENDENT DIRECTORS:

Pursuant to Section 134(3)(d) of the Act, the Company has received declaration from all the Independent Directors confirming that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16(1)(b) of the Listing Regulations.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT.

Appointment and Remuneration of Directors is in accordance with the Nomination and Remuneration Policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force is available on the website of the Company at www.paragmilkfoods.com.

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications(s) thereof in respect of Directors/ employees of the Company is set out in this report.

No commission was paid during the year to the Managing Director/Whole Time Director from the Company or from its subsidiary company.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 read with Rules thereunder and the Corporate Governance requirements as prescribed under Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its committees as well as the performance of the Directors individually.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee reviewed the performance of the individual Directors .

A separate meeting of Independent Directors was held on 24 March, 2018 chaired by Mr. Ramesh Chandak, Independent Director, pursuant to Schedule IV of the Act and the Listing Regulations,. This was followed by the Board Meeting that discussed the performance of the Board, its Committees and the Individual Directors.

The criteria for performance evaluation of the Board included composition and structure of the Board & Committee(s), attendance of Directors at Board and committee meetings, participation at meetings, domain knowledge, cohesion in the Board's meeting, awareness and observance of governance, constructive contribution and inputs in the meetings and decision making process and effectiveness of Board processes etc.

FAMILIARIZATION PROGRAMMES FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of the Listing Regulations, the Company has put in place familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operate business model etc,. The familiarisation programme for Independent Directors in terms of provisions of Regulation 46(2)(i) of Listing Regulations, is uploaded on the website of the Company at www.paragmilkfoods.com.

MEETINGS OF THE BOARD

The Board of Directors met 5(five) times in the FY 2017-2018. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report which forms part of this Annual Report. Further, the Board has also dealt with certain items through circular resolutions, which were confirmed by the Directors at the subsequent Board Meeting.

COMMITTEES OF THE BOARD

There are currently 4 (Four) Statutory Committees of the Board and 1 (one) Non-mandatory committee, as follows:

- I. Audit Committee;
- II. Stakeholders' Relationship Committee;

- III. Nomination and Remuneration Committee;
- IV. Corporate Social Responsibility Committee; and
- V. Finance Committee.

During the Financial Year under review, the Board re-constituted some of the Committees in accordance with the Act and the Listing Regulations. Details of all the Committees along with their terms of reference, composition and meetings of each Committee held during the Financial Year are provided in the Corporate Governance Report annexed to the Annual Report, and on the website of the Company at www.paragmilkfoods.com.

AUDIT COMMITTEE

The composition of the Audit Committee is covered under the Corporate Governance Report, which forms a part of the report.

The Board has accepted all the recommendations made by the Audit Committee during the year under review.

Buy Back

The Company has not bought back any of its securities during the Financial Year ended 31 March, 2018.

Directors Responsibility Statements

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

- a) that in the preparation of the annual accounts for the Financial Year ended 31 March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for the Financial Year ended 31 March, 2018.
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the Directors had prepared the annual accounts for the Financial Year ended 31 March, 2018 on a going concern basis; and
- e) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

The Company had instituted the ESOP Trust in the name of "Parag Milk Foods Employees Stock Option Trust" and the "Parag Milk Foods Limited- Employee Stock Option Scheme 2015" (ESOS 2015) during the Pre-IPO period. The ESOS 2015

is in accordance with the SEBI Regulations and the relevant provisions of the Companies Act, 2013 along with the Rules made there under including any amendments made there to or notifications thereof.

There is no material change in the ESOS 2015 during the year under review and the scheme is in line with the SEBI (Share Based Employee Benefits) Regulations, 2014.

The ESOS 2015 is administered by the ESOP Trust. 2,27,000 Equity Shares were allotted to the ESOP Trust on 3 September, 2015. The Options were granted to the eligible employees pursuant to the Nomination & Remuneration Committee Meeting on 04 September, 2015. The Nomination & Remuneration Committee on 24 June, 2016 approved vesting of the options in accordance with the ESOS 2015 and conditions of grant based on the Company's performance during the FY 2015- 2016 and subject to the continued employment of the eligible employees till 3 September, 2016 and that the right to exercise would extinguish on 3 September, 2018.

Details required to be provided under Section 62 of the Companies Act, 2013 and Rule 12(9) of Companies (Share Capital and Debenture Rules, 2014) and SEBI (Share Based Employee Benefits) Regulations, 2014 are set out as **Annexure II** to this report.

As the aforesaid ESOS 2015 scheme was formulated in the pre-IPO period the Company is seeking to ratify the existing ESOS 2015 scheme by the Members in the ensuing AGM.

RISK & INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by the Statutory Auditors as well as Internal Auditors and cover all offices, factories and key business areas.

M/s. KPMG (In India), Chartered Accountants, Pune, appointed as Internal Auditors of the Company, conducted Internal Audit for the FY 2017-18 as per the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014. Their reports were reviewed by the Audit Committee and follow-up measures taken wherever necessary.

The Audit Committee reviews the adequacy and effectiveness of the Company's internal control system and the risk management policies and systems. The Audit Committee reviews the risks faced by the Company on periodic basis and submits its periodical report to the Board about the measures taken for mitigation of Risk in the organization.

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

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a vigil mechanism in form of Whistle Blower Policy for Directors and employees to report their genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

The Policy provides for adequate safeguards against victimization of Directors/employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

The Whistle Blower Policy has been placed on the website of the Company at www.paragmilkfoods.com

CORPORATE SOCIAL RESPONSIBILITY

The details of the Corporate Social Responsibility Committee has been provided in the Corporate governance section of this Annual Report.

The report as per Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) on the CSR activities is annexed to this report as “Annexure III”.

CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis.

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the Policy of the Company on materiality of related party transactions.

The Policy on materiality and dealing with related party transactions as approved by the Board is uploaded on the Company's website and can be accessed at the website at : www.paragmilkfoods.com.

Members may refer to Note 43 to the standalone financial statement which sets out related party disclosures pursuant to Ind AS.

PARTICULARS OF INVESTMENTS, LOANS, AND GUARANTEES

The particulars of Investments, Loans, Guarantees covered under the Provisions Section 186 of the Companies Act, 2013 read with rules made thereunder form part of the notes to the financial statements provided in the Annual Report.

DEPOSITS

During the year under review, the Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). The Company has neither accepted nor renewed any deposits during the Financial Year ended 31 March, 2018.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [‘POSH Act’].

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The objective of this policy is to lay

clear guidelines and provide right direction in case of any reported incidence of sexual harassment across the Company's offices, and take appropriate decision in resolving such issues.

During the FY 2017-18, the Company has not received any complaint on sexual harassment.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India (SEBI). The Company has also implemented several best Corporate Governance practices as prevalent globally. The report on Corporate Governance as stipulated under Regulation 34(4) read with Schedule V of the Listing Regulations, together with certificate received from Company Secretaries in Practice confirming compliance with the conditions of Corporate Governance is attached to the Report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations is presented in a separate section, forming part of the Annual Report and provides details of the overall industry structure, developments, performance and state of affairs of the Company's various business along with internal controls and their adequacy, Risk Management Systems and other material developments during the financial year ended 31 March, 2018.

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

Pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of Companies (Accounts) Rules, 2014, the particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act are annexed as “Annexure IV” to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, Extract of Annual Return of the Company as on 31 March, 2018 in the prescribed Form MGT-9 is annexed to this report as “Annexure V”.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosure pertaining to remuneration as per Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, the disclosures pertaining to the remuneration and other details are annexed as “Annexure VI” to this Report.

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, drawing in excess of the limits set out in these Rules forms part of this Annual Report. In terms of Section 136 of the Act, this report is being sent to the Members and others entitled thereto, excluding the aforesaid information. The

said information shall be available for inspection by the Members at the Registered Office of the Company during the business hours on all working days (Monday to Friday) upto the date of the ensuing AGM. The said information shall also be provided to any Member of the Company, who sends a written request to the Company.

SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

STATUTORY AUDITORS

In accordance with the provisions of Companies Act, 2013, at the Annual General Meeting held on 26 June, 2015, the shareholders had appointed M/s Haribhakti & Co, LLP, Chartered Accountants, Pune (Firm Registration No. 103523W / W100048), as Statutory Auditors of the Company, for a period of 5 years i.e. upto the conclusion of the Annual General Meeting to be held for the FY 2019-2020.

Pursuant to the notification issued by the Ministry of Corporate Affairs on 7 May, 2018, amending Section 139 of the Companies Act, 2013, the mandatory requirement for ratification of Auditors by the Members at every AGM has been omitted and hence your Company has not proposed ratification of appointment of M/s. Haribhakti & Co., LLP, Chartered Accountants, at the forthcoming AGM.

There is no qualification or adverse remark in Auditors' report. There is no incident of fraud requiring reporting by the auditors under Section 143(12) of the Companies Act, 2013.

COST AUDITORS

The Board of Directors of the Company in its Board Meeting held on 09 May, 2018, on recommendations made by the Audit Committee have reappointed M/s. Harshad Deshpande & Associates, Cost Accountants, Pune (Firm Registration Number: 00378) as the Cost Auditors of the Company to conduct the cost records for the FY 2018-2019. In terms of the provisions of Section 148(3) of the Companies

Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, as amended, the remuneration payable to the Cost Auditors has to be ratified by the Members of Company. Accordingly, recommends to the Members, the resolution as stated in Item No. 6 of the Notice convening the ensuing AGM.

The Company has received consent from M/s. Harshad Deshpande & Associates, Cost Accountants to act as Cost Auditors of the Company for FY 2018-19 along with certificate confirming their independence and arm's length relationship.

SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. N. L. Bhatia & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report in Form MR-3 is annexed as "**Annexure - VII**" to this Report.

The Secretarial Audit Report for the financial year ended 31, March, 2018 does not contain any qualification, reservation, adverse remark in their report.

ACKNOWLEDGMENTS

Your Directors wish to place on record their sincere appreciation for the assistance and support extended by the employees, shareholders, customers, financial institutions, banks, vendors, dealers, the Central and State Governments and others associated with the activities of the Company. We look forward to their continued support in future. Your Company takes pride in its highly motivated employees, workers, staff and wishes to place on record its deep sense of appreciation for their committed services and best contribution towards growth and success of your Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 9 May, 2018

Devendra Shah
Executive Chairman
(DIN: 01127319)

Annexure – I

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures as per the Companies Act, 2013 for the financial year ended 31 March, 2018

(₹ in million)

1.	Name of the Subsidiary	Bhagyalaxmi Dairy Farms Private Limited
2.	The date since when subsidiary was incorporated	2 December, 2003
3.	Reporting period for the subsidiary - concerned, if different from the holding company's reporting period	1 April, 2017 to 31 March, 2018
4.	Reporting Currency and Exchange rate as on the last date of the relevant - Financial year in the case of foreign subsidiaries	Indian Rupees
5.	Share Capital	57.85
6.	Reserves & Surplus	518.54
7.	Total Assets	920.53
8.	Total Liabilities	344.16
9.	Investments	NIL
10.	Total Revenue	832.45
11.	Profit before Taxation	113.37
12.	Tax Expense	27.59
13.	Profit after Taxation	85.78
14.	Proposed Dividend	NIL
15.	% of shareholding	100.00%

NOTE:

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 9 May, 2018

Devendra Shah
Executive Chairman
(DIN: 01127319)

Pritam Shah
Managing Director
(DIN: 01127247)

Annexure – II

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

Sr. No.	Particulars	Shares/Options
1.	Options granted (through ESOP Trust)	227,000
2.	Options vested	126,927
	Options forfeited/lapsed	122,701
3.	Total number of options in force/outstanding	104,299
4.	Options exercised	Nil
5.	The total number of shares arising as a result of exercise of option granted (net of cancelled options)	-
6.	Exercise price	₹ 250/-
7.	Variation of terms of options	-
8.	Money realised by exercise of options	-
9.	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during the year	Nil
10.	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant.	Nil

For and on behalf of the Board of Directors

Place: Mumbai
Date: 9 May, 2018

Devendra Shah
Executive Chairman
(DIN: 01127319)

Annexure –III

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. A BRIEF OUTLINE OF THE PROJECTS OR PROGRAMS UNDERTAKEN

(a) Focus Area

The Company has been an early adopter of CSR initiatives and has been contributing regularly to Panjrapole, where all cattle are accepted free of cost, the aim of the Panjrapole is to nurture and care for animals in distress and protect these strays from ending up at slaughterhouses or being tranquilized. Panjrapole provides an infirmary dedicated to taking care of cows & other stray animals. The Company has also supported projects in eradication of hunger and malnutrition, promoting education, healthcare, destitute care and rehabilitation, disaster relief and rural development.

The Company has also undertaken other need based initiatives in compliance with Schedule VII of the Act.

During the Financial Year 2017-2018, the Company has undertaken activities relating to Promoting Education, ensuring environmental sustainability.

2. THE COMPOSITION OF THE CSR COMMITTEE AS ON 31 MARCH 2018 IS AS FOLLOWS.

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

3. AVERAGE NET PROFIT OF THE COMPANY FOR THE LAST THREE YEARS AND PRESCRIBED CSR EXPENDITURE FOR FY 2017-2018:

(₹ in million)

Sr. No.	A brief outline of the Company's CSR Policy including overview of Projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the Composition of CSR Committee.	CSR Policy is available for inspection by Members of the Company
1	Average net profit of the Company for last three financial years	384.26
2	Prescribed CSR expenditure for FY 2017-2018 (two percent of the amount mentioned in item 1 above)	7.69
3	Details of CSR spent during the financial year.	8.05
4	Amount unspent if any	-

(₹ in million)

Sr. No.	CSR Projected or Activity Identified	Sector in which the project is covered	Location of Projects or Programmes undertaken	Amount Outlay (Budget) Project or Programme wise	Amount spent on Projects or Programmes	Cumulative Expenditure up to the reporting period	Amount Spent Direct or through Implementing Agency
1	Education	Promotion of education	Maharashtra	0.30	0.30	0.30	Direct
2	Contributing to Panjrapole, where all cattle are accepted free of cost, to nurture and care for animals in distress and protect these strays cows & other stray animals	Ensuring environmental sustainability	Maharashtra	7.75	7.75	7.75	Direct
Total expenditure towards CSR				8.05	8.05	8.05	

4. Responsibility Statement

The CSR committee confirms the implementation and monitoring of CSR Policy, in compliance with CSR objectives and Policy of the Company.

Devendra Shah

Executive Chairman
(DIN : 01127319)

B.M.Vyas

Non Executive Director & Chairman of CSR Committee
(DIN: 00043804)

Place: Mumbai
Date: 9 May, 2018

Annexure-IV

Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo

[Section 134(3)(m) of the Companies Act, 2013 Read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY

Company is engaged in processing of milk and manufacturing of Milk products. Total consumption during the financial year 2017-18 is given in the form as below.

Sr. No.	Power & fuel Consumption	Total Unit
1.	Electricity Consumption (Total no of units)	2,28,85,263
2.	Own generator through TG sets (Units)	37,84,200
3.	D.G Unit	1,28,602
4.	Diesel/SKO Consumed (LTR)	47,013
5.	Furnace oil Consumed (LTR)	3,43,858
6.	Coal (Kg)	2,83,63,144

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

1. Installation of Biogas Generator of 800 KW capacity, which will run on Bio- gas generated by ETP.
2. Replacement of conventional lighting with LED light.
3. Replacement & upgradation of Less energy efficient process & equipment's by new technology & automation. For example the Company is in process to make centralised refrigeration system with energy efficient equipment's & automation to improve the monitoring action plan & performance of system w.r.t Energy & manpower. Old separator, Homogenisers, air compressor is replaced by energy efficient machines.
4. Saving of 36500 KWH during the year on account of installation of VSD operated air compressor.

B. RESEARCH AND DEVELOPMENT (R&D)

The Company's R&D team drives innovation which leads to delivering international-standard product offerings in the market. As a leading dairy FMCG player, the Company consistently focuses on maintaining quality through efficient processes and checks. The R&D team has developed innovative process engineering that takes care of the quality consistency, ensuring that all regulatory compliances are met. Besides that, the team has also laid strong emphasis

on product packaging and delivery systems in order to ensure that the product reaches to the end consumer in a healthy state. Our R&D team at the bio-science division has developed several cow-comfort processes to enhance their productivity. They have also innovatively formulated cattle feed from the waste, that can help farmers to improve their cow productivity.

Going ahead, the team will continue to ideate newer product offerings as well as develop several productivity-enhancing strategies and processes.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Following are the details of the foreign exchange earned and used during the financial year 2017-18

	(₹ In million)	
Particulars	2017-18	2016-17
Foreign exchange earned	596.43	568.22
Foreign exchange used	101.77	377.18

D. TECHNOLOGY ABSORPTION

The Company has been at the forefront of technology adoption. It has regularly invested in equipping itself with automated technology with latest production processes and techniques to achieve high level of productivity and operational efficiencies. Besides, technology has also helped delivering innovative product offerings in a timely manner. The role of technology is evident across the value chain, right from ensuring real-time analysis of quality and quantity of milk procurement to automated processes and distribution methodology.

The Company has collaborations with the global-best consulting companies that advise best practices in the field of manufacturing processes, product formulations, maintaining quality, health and nutritional aspects of the product as well as market dynamics of our product offerings. During the year, the Company collaborated with ColoPlus AB a Swedish biotech company to manufacture colostrum based natural immunity booster in India as per patented technology of ColoPlus.

The knowledge transfer with respect to technology has allowed the Company to attain leadership and remain competitive within the dairy FMCG space.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 9 May, 2018

Devendra Shah
Executive Chairman
(DIN: 01127319)

Annexure – V

EXTRACT OF ANNUAL RETURN Form No. MGT-9 as on the financial year ended on 31 March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

i	CIN	:	L15204PN1992PLC070209
ii	Registration Date	:	29 December, 1992
iii	Name of the Company	:	Parag Milk Foods Limited
iv	Category/ Sub-Category of the Company	:	Public Company limited by Shares/Indian Non-Government Company
v	Address of the Registered Office and contact details	:	Flat No 1, Nav Rajasthan Society, Shivaji Nagar, Pune – 411 016. Tel : +91 7276470001
vi	Whether listed company	:	Yes - BSE Limited and National Stock Exchange of India Limited
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Phone:(040) 67161562/67161583 E-mail: mohsin.mohd@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Value added products	1050	66%
2	Liquid Milk	1050	20%
3	Milk Powder	1050	13%
4	Others	1050	1%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Bhagyalaxmi Dairy Farms Private Limited Address: A 602 Kumar Purammukund Nagar, Pune – 411 037 Maharashtra -India	U01211PN2003PTC018624	Wholly Owned Subsidiary	100.00%	2(87) of the Companies Act, 2013

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

(i) Category-wise Share Holding

Sr. No.	Category of Shareholders		No. of Shares held at the beginning of the year (as on 1 April, 2017)				No. of Shares held at the end of the year (as on 31 March, 2018)				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	PROMOTERS & PROMOTER GROUP										
	1) Indian										
	a	Individual / HUF	37,626,989	-	37,626,989	44.73	38,661,435	-	38,661,435	45.96	1.23
	b	Central Govt.	-	-	-	-	-	-	-	-	-
	c	State Govt.(s)	-	-	-	-	-	-	-	-	-
	d	Bodies Corporate	2,314,200	-	2,314,200	2.75	2,314,200	-	2,314,200	2.75	-
	e	Banks / FIs	-	-	-	-	-	-	-	-	-
	f	Any Other	-	-	-	-	-	-	-	-	-
	Sub - Total (A) (1)		39,941,189	-	39,941,189	47.48	40,975,635	-	40,975,635	48.71	1.23
	2) Foreign										
	a	NRIs / Individuals	-	-	-	-	-	-	-	-	-
	b	Other – Individuals	-	-	-	-	-	-	-	-	-
	c	Bodies Corporate	-	-	-	-	-	-	-	-	-
	d	Banks / FIs	-	-	-	-	-	-	-	-	-
	e	Any Other	-	-	-	-	-	-	-	-	-
	Sub - Total (A) (2) Total Shareholding of Promoters & Promoter Group		-	-	-	-	-	-	-	-	-
	(A) = (A)(1) + (A)(2)		39,941,189	-	39,941,189	47.48	40,975,635	-	40,975,635	48.71	1.23
B	PUBLIC SHAREHOLDING										
	1) Institutions										
	a	Mutual Funds	1,864,728	-	1,864,728	2.22	36,53,621	-	36,53,621	4.34	2.12
	b	Banks / FIs	29,478	-	29,478	0.04	51,583	-	51,583	0.06	0.02
	c	Central Govt.	-	-	-	-	-	-	-	-	-
	d	State Govt.	-	-	-	-	-	-	-	-	-
	e	Venture Capital Funds	7,486,104	-	7,486,104	8.89	68,97,104	-	68,97,104	8.19	(0.70)
	f	Insurance Companies	-	-	-	-	-	-	-	-	-
	g	Foreign Portfolio Investors (Corporate)	20,525,251	-	20,525,251	24.40	12,660,846	-	12,660,846	15.05	(9.35)
	h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i	Others (please specify)									
	a.	Foreign body	442,511	-	442,511	0.53	-	-	-	-	(0.53)
	b.	Alternate Investment Fund	-	-	-	-	647,584	-	647,584	0.77	0.77
	Sub – Total (B) (1)		30,348,072	-	30,348,072	36.09	23,910,738	-	23,910,738	28.42	(7.67)
	2) Non - Institutions										
	a	Bodies Corporate									
	(i)	Indian	2,707,233	-	2,707,233	3.22	3,428,678	-	3,428,678	4.08	0.86
	(ii)	Overseas	-	-	-	-					
	b	Individuals									
		Individual shareholders having nominal share capital upto ₹ 2 Lakh	4,549,752	3	4,549,755	5.41	7,922,082	53	7,922,135	9.42	4.01
		Individual shareholders having nominal share capital in excess of ₹ 2 Lakh	4,251,895	-	4,251,895	5.05	4,783,943	-	4,783,943	5.69	(0.64)
		NBFCs registered with RBI	1,451,630	-	1,451,630	1.72	1,420,470	-	1,420,470	1.69	(0.03)
	C	Others (Please specify)	864,808	-	864,808	1.03	1,672,983	-	1,672,983	1.99	0.96

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 April, 2017)				No. of Shares held at the end of the year (as on 31 March, 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Non-Resident Indian(NRI)	362,976	-	362,976	0.43	973,669	-	973,669	1.16	0.73
	Non -Resident Indian non Repatriable	86,381	-	86,381	0.10	289,920	-	289,920	0.34	0.24
	Clearing Members	177,451	-	177,451	0.21	182,394	-	182,394	0.22	0.01
	Trust	11,000	-	11,000	0.01	-	-	-	-	(0.01)
	Employee Benefit Trust	227,000	-	227,000	0.27	227,000	-	227,000	0.27	-
	Sub – Total (B) (2)	13,825,318	3	13,825,321	16.44	19,228,156	53	19,228,209	22.86	6.42
	Total Public Shareholding (B) = (B) (1) + (B)(2)	44,173,390	3	44,173,393	52.52	43,138,894	53	43,138,947	51.29	(1.23)
	C SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C)	84,114,579	3	84,114,582	100.00	84,114,529	53	84,114,582	100.00	-

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1 April, 2017)			Shareholding at the end of the year (as on 31 March, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Devendra Shah	14,570,832	17.32	-	15,006,400	17.84	1,400,000	0.52
2	Mr. Pritam Shah	9,159,888	10.89	-	9,159,888	10.89	-	-
3	Mr. Parag Shah	100,000	0.12	-	100,000	0.12	-	-
4	Mr. Prakash Shah	100	0.00	-	100	0.00	-	-
5	Mrs. Rajni Shah	100	0.00	-	100	0.00	-	-
6	Mrs. Priti Shah	2,222,820	2.64	-	2,222,820	2.64	-	-
7	Mrs. Netra Shah	8,268,149	9.83	-	8,867,027	10.54	5,078,878	0.71
8	Mr. Poojan Shah	3,295,000	3.92	-	3,295,000	3.92	-	-
9	Mr. Stavan Shah	100	0.00	-	100	0.00	-	-
10	Mrs. Shabdali Desai	10,000	0.01	-	10,000	0.01	-	-
11	IRIS Business Solutions Private Limited	2,314,200	2.75	-	2,314,200	2.75	-	-

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 1 April, 2017)		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% to total shares of the Company			No. of Shares	% to total shares of the Company	No. of Shares	% to total shares of the Company
1	Mr. Devendra Shah	14,570,832	17.32	25-Jul-17		5,568	0.01	14,576,400	17.33
				31-Jul-17		20,000	0.02	14,596,400	17.35
				29-Aug-17		100,000	0.12	14,696,400	17.47
				05-Sep-17		200,000	0.24	14,896,400	17.71
				12-Sep-17	Market	100,000	0.12	14,996,400	17.83
				29-Nov-17	Purchase	10,000	0.01	15,006,400	17.84
	Closing Balance			31- Mar-18				15,006,400	17.84
2	Mr. Pritam Shah	9,159,888	10.89	1 -April-17 31-Mar-18	No change	-	-	9,159,888	10.89
3	Mr. Parag Shah	100,000	0.12	1 -April-17 31-Mar-18	No change	-	-	100,000	0.12
4	Mr. Prakash Shah	100	0.00	1 -April-17 31-Mar-18	No change	-	-	100	0.00

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 1 April, 2017)		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% to total shares of the Company			No. of Shares	% to total shares of the Company	No. of Shares	% to total shares of the Company
5	Mrs. Rajni Shah	100	0.00	1-April-17 31-Mar-18	No change	-	-	100	0.00
6	Mrs. Priti Shah	2,222,820	2.64	1-April-17 31-Mar-18	No change			2,222,820	2.64
7	Mrs. Netra Shah	8,268,149	9.83	05-Jun-17	Purchase	20,000	0.02	8,288,149	9.85
				21-Apr-17	Purchase	40,000	0.05	8,328,149	9.90
				20-Apr-17	Purchase	50,000	0.06	8,378,149	9.96
				19-Apr-17	Purchase	1,48,917	0.18	8,527,066	10.14
				18-Apr-17	Purchase	15,000	0.02	8,542,066	10.16
				17-Apr-17	Purchase	30,000	0.04	8,572,066	10.19
				13-Apr-17	Purchase	29,346	0.03	8,601,412	10.23
				12-Apr-17	Purchase	30,000	0.04	8,631,412	10.26
				11-Apr-17	Purchase	209,615	0.25	8,841,027	10.51
				10-Apr-17	Purchase	15,000	0.02	8,856,027	10.53
				31-Mar-17	Purchase	11,000	0.01	8,867,027	10.54
	Closing Balance			31-Mar-18				8,867,027	10.54
8	Mr. Poojan Shah	3,295,000	3.92	1-Apr-17 31-Mar-18	No Change	-	-	3,295,000	3.92
9	Mr. Stavan Shah	100	0.00	1-Apr-17 31-Mar-18	No Change	-	-	100	0.00
10	Mrs. Shabdali Desai	10,000	0.01	1-Apr-17 31-Mar-18	No Change	-	-	10000	0.01
11	IRIS Business Solutions Private Limited	2,314,200	2.75	1-Apr-17 31-Mar-18	No Change	-	-	2,314,200	2.75

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs):

Sr. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	IDFC TRUSTEE CO. LTD A/C IDFC INFRASTRUCTURE FUND	5,074,234	6.03	31/03/2017	NIL movement during the year		5,074,234	6.03
	Closing Balance			31/03/2018			5,074,234	6.03
2	CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO FORCE	730,463	0.87	31/03/2017			730,463	0.87
				14/04/2017	10,000	Transfer	740,463	0.88
				12/05/2017	16,200	Transfer	756,663	0.90
				23/06/2017	119,000	Transfer	875,663	1.04
				23/06/2017	(70,500)	Transfer	805,163	0.96
				30/06/2017	635,000	Transfer	1,440,163	1.71
				07/07/2017	450,000	Transfer	1,890,163	2.25
				14/07/2017	50,000	Transfer	1,940,163	2.31
				21/07/2017	50,000	Transfer	1,990,163	2.37
				28/07/2017	48,673	Transfer	2,038,836	2.42

Sr. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				04/08/2017	(10,000)	Transfer	2,028,836	2.41
				18/08/2017	9,660	Transfer	2,038,496	2.42
				08/09/2017	(10000)	Transfer	2,028,496	2.41
				15/09/2017	(1,556)	Transfer	2,026,940	2.41
				06/10/2017	(4510)	Transfer	2,022,430	2.40
				13/10/2017	438,263	Transfer	2,460,693	2.93
				20/10/2017	220,000	Transfer	2,680,693	3.19
				03/11/2017	50,000	Transfer	2,730,693	3.25
				10/11/2017	(20,000)	Transfer	2,710,693	3.22
				24/11/2017	19,000	Transfer	2,729,693	3.25
				01/12/2017	100,000	Transfer	2,829,693	3.36
				01/12/2017	(82,000)	Transfer	2,747,693	3.27
				15/12/2017	50,000	Transfer	2,797,693	3.33
				22/12/2017	(25,000)	Transfer	2,772,693	3.30
				05/01/2018	(24,118)	Transfer	2,748,575	3.27
				19/01/2018	6,400	Transfer	2,754,975	3.28
				19/01/2018	(20,000)	Transfer	2,734,975	3.25
				16/02/2018	485000	Transfer	3,219,975	3.83
				16/02/2018	(180,013)	Transfer	3,039,962	3.61
				23/02/2018	15,000	Transfer	3,054,962	3.63
				09/03/2018	(20,000)	Transfer	3,034,962	3.61
				16/03/2018	(1,06,512)	Transfer	2,928,450	3.48
				23/03/2018	(1,22,829)	Transfer	2,805,621	3.34
				30/03/2018	(110,000)	Transfer	2,695,621	3.20
				31/03/2018			2,695,621	3.20
3	GOLDMAN SACHS INDIA LIMITED	2,458,724	2.92	31/03/2017	NIL movement during the year		2,458,724	2.92
				31/03/2018			2,458,724	2.92
4	NEW HORIZON OPPORTUNITIES MASTER FUND	2,533,000	3.01	31/03/2017			2,533,000	3.01
				09/06/2017	(45,000)	Transfer	2,488,000	2.96
				16/06/2017	(43,000)	Transfer	2,445,000	2.91
				09/03/2018	(58,000)	Transfer	2,387,000	2.84
				16/03/2018	(77,100)	Transfer	2,309,900	2.75
				23/03/2018	(60,900)	Transfer	2,249,000	2.67
				31/03/2018			2,249,000	2.67
5	GOVERNMENT PENSION FUND GLOBAL	2,236,595	2.66	31/03/2017	NIL movement during the year		2,236,595	3.00
				31/03/2018			2,236,595	3.00
6	IDFC SPICE FUND	2,411,870	2.87	31/03/2017			2,411,870	2.87
				10/11/2017	(245,000)	Transfer	2,166,870	2.58

Sr. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				17/11/2017	(55,000)	Transfer	2,111,870	2.51
				19/01/2018	(189,000)	Transfer	1,922,870	2.29
				26/01/2018	(100,000)	Transfer	1,822,870	2.17
	Closing Balance			31/03/2018			1,822,870	2.17
7	ASHISH KACHOLIA	1,699,995	2.02	31/03/2017			1,699,995	2.02
				08/09/2017	(200,000)	Transfer	1,499,995	1.78
				29/09/2017	(45,274)	Transfer	1,454,721	1.73
	Closing Balance			31/03/2018			1,454,721	1.73
8	NOMURA INDIA INVESTMENT FUND MOTHER FUND	2947008	3.50	31/03/2017			2,947,008	3.50
				14/07/2017	(100,000)	Transfer	2,847,008	3.38
				21/07/2017	(500,000)	Transfer	2,347,008	2.79
				28/07/2017	(306,568)	Transfer	2,040,440	2.43
				06/10/2017	(350,000)	Transfer	1,690,440	2.01
				03/11/2017	(50,000)	Transfer	1,640,440	1.95
				10/11/2017	(258,918)	Transfer	1,381,522	1.64
	Closing Balance			31/03/2018			1,381,522	1.64
9	MADHULIKA AGARWAL	962040	1.14	31/03/2017	NIL movement during the year		962,040	1.14
	Closing Balance			31/03/2018			962,040	1.14
10	INFINA FINANCE PRIVATE LTD	664528	0.79	31/03/2017			664,528	0.79
				07/04/2017	3,454	Transfer	667,982	0.79
				02/06/2017	(3,454)	Transfer	664,528	0.79
				18/08/2017	10,000	Transfer	674,528	0.80
				29/09/2017	20,000	Transfer	694,528	0.83
				13/10/2017	200,000	Transfer	894,528	1.06
				05/01/2018	(89,453)	Transfer	805,075	0.96
				02/03/2018	5,000	Transfer	810,075	0.96
				09/03/2018	91,657	Transfer	901,732	1.07
				16/03/2018	55,000	Transfer	956,732	1.14
	Closing Balance			31/03/2018			956,732	1.14

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMPs	Date	Reason	Shareholding at the beginning of the year (as on 1 April, 2017)		Cumulative Shareholding during the year (as on 31 March, 2018)	
				No. of Shares	% to total shares of the Company	No. of Shares	% to total shares of the Company
1	Mr. Devendra Shah	01-Apr-17	Opening Balance	1,45,70,832	17.32	1,45,70,832	17.32
		25-Jul-17	Purchase	5,568	0.01	1,45,76,400	17.33
		31-Jul-17	Purchase	20,000	0.02	1,45,96,400	17.35
		29-Aug-17	Purchase	1,00,000	0.12	1,46,96,400	17.47

Sr. No.	For Each of the Directors and KMPs	Date	Reason	Shareholding at the beginning of the year (as on 1 April, 2017)		Cumulative Shareholding during the year (as on 31 March, 2018)	
				No. of Shares	% to total shares of the Company	No. of Shares	% to total shares of the Company
		05-Sep-17	Purchase	2,00,000	0.24	1,48,96,400	17.71
		12-Sep-17	Purchase	1,00,000	0.12	1,49,96,400	17.83
		29-Nov-17	Purchase	10,000	0.01	1,50,06,400	17.84
		31-Mar-18	Closing Balance	1,50,06,400		1,50,06,400	17.84
2	Mr. Pritam Shah	01-Apr-17	Opening Balance	91,59,888	10.89	91,59,888	10.89
		-	Purchase/Sale/Transfer	-	-	-	-
		31-Mar-18	Closing Balance	91,59,888	10.89	91,59,888	10.89
3	Mr. B.M.Vyas	01-Apr-17	Opening Balance	-	-	-	-
		31-Mar-18	Closing Balance	-	-	-	-
4	Mr. Sunil Goyal	01-Apr-17	Opening Balance	-	-	-	-
		31-Mar-18	Closing Balance	-	-	-	-
5	Mr. Ramesh Chandak	01-Apr-17	Opening Balance	-	-	-	-
		31-Mar-18	Closing Balance	-	-	-	-
6	Mr. Narendra Ambwani	01-Apr-17	Opening Balance	1000	0.00	1000	0.00
		-	Purchase/Sale/Transfer	-	-	-	-
		31-Mar-18	Closing Balance	1000	0.00	1000	0.00
7	Mr. Nitin Dhavalikar	01-Apr-17	Opening Balance	-	-	-	-
		31-Mar-18	Closing Balance	-	-	-	-
8	Ms. Radhika Pereira	01-Apr-17	Opening Balance	-	-	-	-
		31-Mar-18	Closing Balance	-	-	-	-
9	Mr. Bharat Kedia #	01-Apr-17	Opening Balance	-	-	-	-
		31-Mar-18	Closing Balance	-	-	-	-
10	Mr. Vimal Agarwal *	01-Apr-17	Opening Balance	-	-	-	-
		31-Mar-18	Closing Balance	-	-	-	-
11	Mrs. Rachana Sanganageria	01-Apr-17	Opening Balance	845	0.00	845	0.00
		-	Purchase/Sale/Transfer	-	-	-	-
		31-Mar-18	Closing Balance	845	0.00	845	0.00

Resigned w.e.f 10 July, 2017

* Appointed w.e.f. 21 December, 2017.

V. INDEBTEDNESS:

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

Particulars	Secured Loans excluding deposits	Secured Loans	Unsecured Loans	Deposits	(₹ in million)
					Total Indebtedness
Indebtedness at the beginning of the financial year					
i) Principal Amount	1,167.44	1,440.88	-	-	2,608.32
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	13.84	3.15	-	-	16.99
Total (i+ii+iii)	1,181.28	1,444.03	-	-	2,625.31
Change in Indebtedness during the financial year					
• Addition	210.00	559.51	-	-	769.51
• Reduction	468.23	-	-	-	468.43
Net Change	(258.23)	559.51	-	-	301.28
Indebtedness at the end of the financial year					
i) Principal Amount	910.05	2,001.48	-	-	2,911.53
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	13.00	2.06	-	-	15.06
Total (i+ii+iii)	923.05	2,003.54	-	-	2,926.59

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD / WTD		Total Amount
		Mr. Pritam Shah (Managing Director)	Mr. Devendra Shah (Whole Time Director)	
1	Gross salary (per annum)	24.0	24.0	48.0
	a. Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	-	-	-
	b. Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	c. Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Total (A)	24.00	24.00	48.00
	Whether Total Managerial Remuneration within the Ceiling as per the Act	Yes		

B. Remuneration to other directors:

(₹ in million)

Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. Sunil Goyal (Independent Director)#	Mr. Ramesh Chandak (Independent Director)	Mr. Narendra Ambwani (Independent Director)	Mr. Nitin Dhavalikar (Independent Director)	Ms. Radhika Pereira (Independent Director)	
1	INDEPENDENT DIRECTORS						
	a. Fee for attending Board / Committee meetings	-	0.9	1.0	1.1	0.8	3.8
	b. Commission	-	-	-	-	-	-
	c. Others	-	-	-	-	-	-
	Total (1)	-	0.9	1.0	1.1	0.8	3.8
2	OTHER NON-EXECUTIVE DIRECTORS						
				Mr. B. M. Vyas			
	a. Fee for attending Board / Committee meetings			8.4			8.4
	b. Commission			-			-
	c. Others			-			-
	TOTAL (2)						8.4
	Total (B) = (1+2)						12.20
	Whether Total Managerial Remuneration within the Ceiling as per the Act			YES			

Does not take any sitting fees for attending Board / Committee Meetings.

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

Note: Being paid sitting fees exclusive of applicable taxes.

C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD :

(₹ in million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Bharat Kedia (Chief Financial Officer)#	Mr. Vimal Agarwal (Chief Financial Officer)*	Mrs. Rachana Sangneria (Company Secretary)	
1	Gross Salary				
	a. Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	3.50	3.29	1.88	8.67
	b. Value of perquisites u/s 17(2) Income-Tax Act, 1961			-	-
	c. Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961				-
2	Stock Option (No. of share)	-	-	796	796
3	Sweat Equity			-	-
4	Commission			-	-
	a. as % of profit			-	-
	b. Others,			-	-
5	Others, please			-	-
	Total	3.50	3.29	1.88	8.67

Resigned w.e.f. 10 July, 2017.

* Appointed w.e.f. 21 December, 2017.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Director

Place: Mumbai
Date: 9 May, 2018

Devendra Shah
Executive Chairman
(DIN: 01127319)

Annexure –VI

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

Sl. No.	Disclosure Requirement	Disclosure Details		
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Name of the Directors	Category	Ratio
		Mr. Devendra Shah	Executive Chairman- Whole Time Director	113.7
		Mr. Pritam Shah	Managing Director	113.7
		Mr.B.M. Vyas	Non-Executive Director	46.4
2.	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year	Name of the Directors	Category	% Increase in remuneration
		Mr. Devendra Shah	Executive Chairman- Whole Time Director	14.3 %
		Mr. Pritam Shah	Managing Director	15.9 %
		Mr. B.M. Vyas	Non-Executive Director	2.1 %
		Mr. Bharat Kedia#	Chief Financial Officer	NA
		Mr. Vimal Agarwal*	Chief Financial Officer	NA
		Mrs. Rachana Sanganeria	Company Secretary & Compliance Officer	12.0 %
3.	The percentage increase in the median remuneration of employees in the financial year	The median percentage increase in the median remuneration of employees in the financial year is 14.1 %		
4.	Number of permanent employees on the rolls of the Company	There were 1,787 permanent employees of Parag Milk Foods Limited as on 31 March, 2018		
5.	The average annual increase excluding the managerial personnel in the financial year 2017-2018.	For the employees other than managerial personnel who were in employment in FY 2017-2018, the average increase is 15.7 %.		
		Average decrease for managerial personnel is 26.2%.		
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	Yes		

Resigned w.e.f 10 July, 2017

*Appointed w.e.f 21 December, 2017

For and on behalf of the Board of Director

Place: Mumbai
Date: 9 May, 2018

Devendra Shah
Executive Chairman
(DIN: 01127319)

Annexure - VII

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2018

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

To,
The Members,

Parag Milk Foods Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Parag Milk Foods Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31 March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 (‘FEMA’) and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015;

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

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;- Not Applicable for this financial year

- d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable for this financial year
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable for this financial year
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable for this financial year
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable for this financial year

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

1. Food Safety and Standard Act, 2006
 - Food Safety and Standards Rules, 2011
 - Food safety and Standards (Licensing and Registration of Food businesses) regulation, 2011
 - Food Safety and standards (Packaging and Labelling) regulation, 2011
 - Food safety and standards (Food product standards and Food Additives) regulation, 2011
 - Food safety and standards (Prohibition and Restriction on sales) regulation, 2011
 - Food safety and standards (contaminants, toxins and residues) regulation, 2011
 - Food Safety and Standards (Laboratory and sampling analysis) regulation, 2011
2. Petroleum and Explosive Act
3. Legal Metrology Laws
4. The States Shops and Establishment Act
5. Inflammable Substances Act, 1952
6. Factories Act, 1948 and Maharashtra Factories Rules, 1963
7. Environment (Protection) Act, 1986
8. Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981
9. The Standards of Weight & Measures Act, 1976
10. Water (Prevention and Control of Pollution) Cess Rules, 1977 & 2003
11. The Hazardous Wastes (Management and Handling) Rules, 1989 (as amended, May, 2003) Rules, 2008
12. The Noise Pollution (Regulation and Control) Rules, 2000

13. The Public Liability Act, 1991, Rules 1991
14. The Energy Conservation Act, 2010
15. Biological Diversity Act, 2002
16. The Public Liability Act, 1991 and The Public Liability Insurance (Amendment) Rules, 2007
17. The Manufacture, Use, Import, Export, and Storage of hazardous Microorganisms/ Genetically Engineered Organisms or Cells Rules, 1989
18. The Environment (Protection) Act, 1986 & Rules and notifications issued under the Act
19. Hazardous Waste (Management and Handling) Rules, 1989
20. Monopolies and Restrictive Trade Practices Act, 1969
21. Consumer Protection Act, 1986
22. Tax Laws:
 - Value Added Tax (VAT) Act
 - The Finance Act, 1994 (Service Tax)
 - Income Tax Act, 1961
 - Goods and Services Tax
23. Employee Laws:
 - Payment of Gratuity Act, 1972 and Payment of Gratuity (Central) Rules, 1972;
 - The Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975;
 - The Payment of Wages Act, 1936;
 - The Minimum Wages Act 1948;
 - The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and Scheme framed thereunder;
 - The Employees' State Insurance Act 1948;
 - The Maternity Benefit Act, 1961;
 - The Contract Labour (Abolition and Regulation) Act, 1970 & Rules;
 - Equal Remuneration Act, 1976;
 - Workmen's Compensation Act, 1923;
 - Employment Standing Orders Act, 1946;
 - Child Labour (Prohibition and Regulation) Act, 1986;
 - The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
 - Labour Welfare Fund Act
24. Indian Stamp Act, 1899 and the State Stamp Acts;
25. The Labour Welfare Fund, Act, 1953;
26. Indian Contract Act, 1872
27. Negotiable Instruments Act, 1881

28. Information Technology Act, 2000

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

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

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

During the period under review, the Company has complied with the provisions the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that during the period under review, Mr. Vimal Agarwal appointed as Chief Financial Officer of the Company.

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

Adequate notice is given to all directors to schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent adequately in advance of the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that; during the audit period the Members at the Annual General Meeting held on 09 August, 2017 approved and authorised the Board of Directors to;

- Approval for Payment of Managerial Remuneration to Mr. Devendra Shah,
- Approval for Payment of Managerial Remuneration to Mr. Pritam Shah, and
- Ratification of Cost Auditors' Remuneration.

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

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

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

N L Bhatia
Managing Partner
FCS No.1176
C.P. No. 422

Place: Mumbai
Date: 9 May, 2018

To,

The Members,

Parag Milk Foods Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Mumbai
Date: 9 May, 2018

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

N L Bhatia
Managing Partner
FCS No.1176
C.P. No. 422

Report On Corporate Governance

A report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations") is given here in below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a set of standards which aims to improve the Company's image, efficiency and effectiveness. It is the road map, which guides and directs the Board of Directors of the Company to govern the affairs of the Company in a manner most beneficial to all the Shareholders, the Creditors, the Government and the Society at large.

Our Corporate Philosophy envisages complete transparency and adequate disclosures with an ultimate aim about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success with an ultimate aim of value creation for all players i.e. the shareholders, employees, suppliers, customers, investors, communities or policy makers. At Parag, philosophy on Corporate Governance is guided by strong emphasis on transparency, accountability, responsibility, fairness, integrity, consistent value systems and delegation across facets of its operations leading to sharply focused and operationally efficient growth.

Parag is committed to continuously scaling up its corporate governance standards. Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation.

2. BOARD OF DIRECTORS:

Our Company recognises and embraces the importance of a diverse board in its success.

At Parag, the Board is well diversified and consists of highly renowned professionals drawn from diverse fields, possessing the requisite qualifications and experience which enable them to contribute to the Company's growth and enhance the quality of Board's decision making process.

The Board of Directors of the Company (the "Board") has an optimum combination of Executive and Non-Executive Directors.

As on 31 March, 2018, the Company had 8 (Eight) Directors comprising of 6 (Six) Non-Executive Directors and 2 (Two) Executive Directors. Out of the 2 (Two) Executive Directors one is the Executive Chairman and the other is Managing Director and 6 (Six) Non-Executive Directors comprising of 5 (Five) Independent Directors including a Woman Director and 1 (One) Non-Independent Non-Executive Director.

Since the Company has an Executive Chairman, half of its Board was comprised of Independent Directors in terms of Regulation 17 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"). All the Independent Directors satisfy the criteria of independence as defined under the Companies Act, 2013 and the Listing Regulations.

All the Directors of the Company, except Independent Directors, are liable to retire by rotation. The Company does not have any Nominee Director of Financial Institutions/Banks.

Number of Other Directorships and Chairmanships/Memberships of Committees of each Director in Various Companies

Name of the Directors	Director Identification Number	Category	Number of Shares held in the Company	Number of Directorship(s)* (Including in the Company)	Committee(s) position (including in the Company)	
					Member+	Chairman+
EXECUTIVE DIRECTOR (S)						
Mr. Devendra Shah -	01127319	Promoter/Whole Time Director	15,006,400	1	1	-
Mr. Pritam Shah -	01127247	Promoter/Managing Director	9,159,888	1	2	-
NON-EXECUTIVE DIRECTOR (S)						
Mr. B. M. Vyas	00043804	Non-Executive Non Independent Director	—	2	-	1
Mr. Sunil Goyal	00503570	Independent Director	—	5	4	1
Mr. Ramesh Chandak	00026581	Independent Director	—	6	2	4

Name of the Directors	Director Identification Number	Category	Number of Shares held in the Company	Number of Directorship(s)* (Including in the Company)	Committee(s) position (including in the Company)	
					Member+	Chairman+
Mr. Narendra Ambwani	00236658	Independent Director	1,000	6	6	-
Mr. Nitin Dhavalikar	07239870	Independent Director	-	1	1	-
Ms. Radhika Pereira	00016712	Independent Director	-	5	4	2

None of the Director is a Director in more than 10 (Ten) Public Limited Company (as specified in Section 165 of the Act) or acts as an Independent Director in more than 7 (Seven) Listed Entities or 3 (Three) Listed Entities in case he/she serves as a Whole-Time Director in any Listed Entity (as specified in Regulation 25 of the Listing Regulations).

Pursuant to Regulation 26(1) of the Listing Regulations, none of the Directors on Board shall be a member in more than 10 (Ten) committees or act as chairperson of more than 5 (Five) committees across all listed entities in which he/she is a Director.

* Excludes Private Limited Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.

+ Committees considered are Audit Committee and Stakeholders' Relationship Committee, including that of your Company. Committee Membership(s) and Chairmanship(s) are counted separately.

Number of Board Meetings, Attendance of the Directors at Meetings of the Board and at the Annual General Meeting ("AGM")

The Board met at least once in each quarter and the maximum gap between two Board Meetings did not exceed the limit prescribed in the Act and the Listing Regulations. During the year under review, 5 (Five) Board Meetings were held on 29 May, 2017, 09 August, 2017, 06 November, 2017, 08 February, 2018 and 01 March, 2018. The 25th AGM of your Company was held on 09 August, 2017.

Directors' attendance at Board Meetings and AGM held.

Name of the Director	Number of Board Meetings Held during the Year		Attendance at AGM held on 9 August, 2017
	Held	Attended	
Mr. Devendra Shah	5	5	Yes
Mr. Pritam Shah	5	5	Yes
Mr. B. M. Vyas	5	3	Yes
Mr. Sunil Goyal	5	3	Yes
Mr. Ramesh Chandak	5	5	Yes
Mr. Narendra Ambwani	5	5	Yes
Mr. Nitin Dhavalikar	5	5	Yes
Ms. Radhika Pereira	5	5	Yes

Relationship between the Directors inter-se

The Board comprises of combination of Independent, Non-Executive and Executive Directors. None of the Directors have any relationship with each other except Mr. Devendra Shah and Mr. Pritam Shah, who are Brothers.

Number of Shares and convertible instruments held by Non-Executive Directors

Mr. B. M. Vyas – Non – Executive Director is neither holding any equity shares in the Company nor any convertible instruments during the year under review.

Role of Independent Directors

The Independent Directors of your Company have been appointed as per the provisions of the Act, Listing Regulations and Governance Guidelines for Board Effectiveness adopted by the Company. Formal letter(s) of appointment have been issued to Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

A separate Meeting of Independent Directors of your Company, without the attendance of Non-Independent Directors and members of management, was held on 24 March, 2018, as required under Schedule IV of the Act (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations.

These Meetings are conducted in an informal and flexible manner to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non-Independent Directors and Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), and assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively reasonably perform their duties.

All Independent Directors of the Company attended the Meeting. Mr. Ramesh Chandak chaired the Meeting.

Familiarisation Programme for Independent Directors

Regulation 25(7) of the Listing Regulations mandates the Company to familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. through various programmes. The Company through its Managing Director/ Whole time Director/ Senior Management conduct programmes/ presentations periodically to familiarise the Independent Directors with the strategy, business and operations of the Company. Such programmes/presentations will provide an opportunity to the Independent Directors to interact with the senior leadership team of the Company and help them to understand the Company's strategy, business model, operations, services and product offerings, organisation structure, finances, sales and marketing, quality of products, facilities and risk management and such other areas as may arise from time to time. The above programmes/presentations also includes the familiarisation on statutory compliances as a Board member including their roles, rights and responsibilities. Pursuant to Regulation 46 the details required are available on the website of your Company at the web link: www.paragmilkfoods.com

3. BOARD COMMITTEES

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

A. Audit Committee

The brief terms of reference of the Committee as on 31 March, 2018 are broadly as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of 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. Qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee. Explanation (i): The term “related party transactions” shall have the same meaning as provided in Clause 49(VII) of the Listing Agreement.

Review of Information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

Composition, Meetings held and Attendance during the Year

The Composition of the Audit Committee of the Board is in conformity with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. Members of the Audit Committee have requisite expertise in the field of Finance and Management and have held or hold senior positions in reputed Organisations. The Audit Committee Meetings were also attended by the Chief Financial Officer, Executives from Accounts and Finance department, Company Secretary, Statutory Auditors and Internal Auditors. The functional heads are also invited as and when required. Mrs. Rachana Sanganeria, Company Secretary acts as the Secretary to the Committee.

The Audit Committee met at least once in each quarter and the maximum gap between two Audit Committee Meetings did not exceed the limit prescribed in Regulation 18 of the Listing Regulations. 4 (Four) Meetings of the Audit Committee were held during the year, viz. 29 May, 2017, 9 August, 2017, 6 November, 2017 and 8 February, 2018. The composition of the Audit Committee as on 31 March, 2018 and the details of attendance of Members at these Meetings are given below:

Name of the Member	Category	No. of Meetings during the year	
		Held	Attended
Mr. Ramesh Chandak - Chairman (Re-designated as Chairman and w.e.f. 6 November, 2017)	Independent Director	4	4
Mr. Pritam Shah	Managing Director	4	4
Mr. Sunil Goyal (Ceased as Chairman and Re-designated as a Member w.e.f. 6 November, 2017)	Independent Director	4	2
Mr. Narendra Ambwani	Independent Director	4	4
Mr. Nitin Dhavalikar	Independent Director	4	4

The necessary quorum was present at all the Meetings. Mr. Sunil Goyal, the past Chairman was present at the 25th Annual General Meeting held on 9 August, 2017 to answer the shareholder queries.

B. Nomination And Remuneration Committee

The terms of reference of NRC are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations.

The brief terms of reference of the Nomination and Remuneration Committee (NRC) as on 31 March, 2018 are broadly as under:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
2. To formulate the criteria for evaluation of Independent Directors and the Board.
3. To devise a policy on Board diversity.
4. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and/or removal.
5. To carry out evaluation of every Director's performance.
6. To consider extension or continuation of term of appointment of independent directors on the basis of the report of performance evaluation of independent directors.

7. To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria.
8. To administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme.
9. To reviews and recommends to the Board, remuneration including the Bonus/Performance Linked Incentive of Managing Director, Whole-time Directors, Key Managerial and Senior Management Personnel based on the performance parameters for the executives and the Company, subject to the limits approved by the Members and as permitted by law. The terms of reference of the Nomination and Remuneration Committee include the matters specified under Part D of Schedule II to Regulation 19 (4) of the Listing Regulations as well as under Section 178 of the Companies Act, 2013.
10. In addition to the above, the Committee's role includes identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every Director's performance.]

Composition, Meetings held and Attendance during the Year

The Nomination and Remuneration Committee of the Board was re-constituted on 06 November, 2017.

Pursuant to Section 178(7) of the Act and Secretarial Standards, the Chairman of the Committee, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meeting of the Company. The Chairman of the Committee, Mr. Nitin Dhavalikar was present at the 25th AGM of the Company held on 09 August, 2017 to answer the shareholder queries.

2 (Two) Meetings of the Nomination and Remuneration Committee were held during the Year, viz. 29 May, 2017 and 6 November, 2017. Mrs. Rachana Sanganeria, Company Secretary acts as the Secretary to the Committee. The composition of the NRC as on 31 March, 2018 and the details of attendance of Members at these Meetings are given below:

Name of the Member	Category	No. of Meetings during the year	
		Held	Attended
Mr. Nitin Dhavalikar Chairman	Independent Director	2	2
Mr. Devendra Shah	Executive Director	2	2
Ms. Radhika Pereira	Independent Director	2	2

Mr. B. M. Vyas	Non-Executive Director	2	1
Mr. Ramesh Chandak (Appointed w.e.f. 6 November, 2017)	Independent Director	-	-

Performance Evaluation Criteria for Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and regulation 17 and 19 read with part D of Schedule II of the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

Feedback is sought by structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and performance evaluation is carried out based on the responses received from the Directors. During the year, the questionnaires were further strengthened in alignment with the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India, vide its Circular dated 5 January, 2017.

The Company lay down the evaluation criteria and procedure for performance evaluation of Independent Directors. Criteria for evaluation of Independent Directors includes aspects such as attendance and contribution to the Board / Committee Meetings.

C. Remuneration of Directors

Details of pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company

Nil

Criteria of making payments to Non- Executive Directors:

The Company has adopted a Remuneration Policy for Directors, Key Managerial Personnel and other Employees, regulated by the Nomination and Remuneration Committee of the Board.

Apart from Mr. B. M. Vyas, who is paid consultancy fees, Non-Executive Directors are entitled to sitting fees for attending Meeting of the Board and its Committees.

The remuneration to the Managing Director and Whole-Time Director is paid on the scale determined by the Nomination and Remuneration Committee/Board of Directors within limits approved by the shareholders at the General Meeting.

Non-Executive Directors

During the year, the Company paid sitting fees ₹ 1,00,000/- per meeting for attending Board and Committee Meetings to the Independent Directors. There is no sitting fees payable for Stakeholders Relationship Committee.

The Company also reimburses out-of-pocket expenses incurred by the Directors for attending the Meetings and for business of the Company.

None of the Directors have been issued any stock options by the Company during the Year or any time in the past. Further, none of the Directors of the Company are in receipt of any Commission from the Company.

Performance Linked Incentive Criteria

The Company has internal norms for assessing the performance of its management including senior executives.

Remuneration paid to Directors

The details of remuneration paid to Executive Directors and Non-Executive Directors during the financial year ended 31 March, 2018 are given below:

₹ in million			
Name of Director	Remuneration	Sitting Fees	Total
Mr.Devendra Shah	24.00	-	24.00
Whole Time Director			
Mr. Pritam Shah	24.00	-	24.00
Managing Director			
Mr.B.M.Vyas	8.40	-	8.40
Non-Executive Director			

₹ in million			
Name of Director	Remuneration	Sitting Fees	Total
NON-EXECUTIVE INDEPENDENT DIRECTORS			
Mr. Sunil Goyal	-	-	-
Mr.Ramesh Chandak	-	0.9	0.9
Mr.Narendra Ambwani	-	1.0	1.0
Mr. Nitin Dhavalikar	-	1.1	1.1
Ms.Radhika Pereira	-	0.8	0.8

D. Stakeholders Relationship Committee

Terms of reference:

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II to the SEBI (LODR) Regulations, 2015.

This Committee is responsible for the redressal of shareholder grievances. The terms of reference of the Stakeholders' Relationship Committee of our Company include the following:

- Redressal of shareholders'/investors' grievances;
- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

- Issue of duplicate certificates and new certificates on split/ consolidation/renewal;
- Non-receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by the Company to its shareholders; and
- Carrying out any other function as prescribed under Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).
- Oversee the performance of the Company's Registrar and Share Transfer Agent.
- Recommend methods to upgrade the standard of services to the investors.
- To deal with the Company's unclaimed / undelivered shares, as prescribed in the relevant Regulation of the Listing Regulations.

The Meetings of the Committee are generally held as and when deemed necessary, to review and ensure that all investor requests / grievances are redressed within stipulated time period.

The Company's Stakeholders Relationship Committee functions under the Chairmanship of Mr. B. M. Vyas – Non – Executive Director, Devendra Shah – Whole Time Director and Mr. Pritam Shah – Managing Director.

The composition of Stakeholders Relationship Committee of the Board is in conformity with Section 178 of the Act and Regulation 20 of the Listing Regulations. During the year, the Committee met once on 09 August, 2017 during the year under review. The composition of Stakeholders Relationship Committee and the details of attendance at the Meetings was as under:

Name of the Member	Category	No. of Meetings during the year	
		Held	Attended
Mr. B. M. Vyas - Chairman	Non-Executive Director Non Independent Director	1	1
Mr. Devendra Shah - Member	Executive Director	1	1
Mr. Pritam Shah - Member	Executive Director	1	1

Mrs. Rachana Sangneria, Company Secretary of the Company is the Compliance Officer. The number of shareholders' complaints received during the FY18 is 13 (previous year: 63) and all have been satisfactorily resolved within the year. As on date, there are no pending complaints/ share transfers pertaining to the year under review.

E. Corporate Social Responsibility Committee

The core theme of the Company's CSR policy is giving back to the society from which it draws its resources by extending helping hand to the needy and under privileged.

The broad terms of reference of the CSR Committee are as follows:

- To formulate, monitor and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act.
- Recommending the amount of expenditure to be incurred on CSR activities of the Company
- Monitoring the CSR policy of the Company from time to time
- Review the Company's performance in the area of CSR.
- Evaluate social impact of the Company's CSR activities.
- Review the Company's disclosure of CSR matters.

The Composition of the CSR Committee is in alignment with the provisions of Section 135 of the Companies Act, 2013. Based on the recommendation of the Corporate Social Responsibility Committee, the Board of Directors have formulated and adopted a Policy on Corporate Social Responsibility. The same is displayed under the Investor Relations section on the Company's website viz. www.paragmilkfoods.com. Report on Corporate Social Responsibility activities carried out by the Company during the year under review and details thereof are given in the Board of Directors' Report.

During the year the Committee met once on 08 February, 2018. The composition and the details of attendance at the meeting are as under.

Name of the Member	Category	No. of Meetings during the year	
		Held	Attended
Mr. B. M. Vyas - Chairman	Non-Executive Director Non Independent	1	1
Mr. Devendra Shah - Member	Executive Director	1	1
Ms. Radhika Pereira - Member	Independent Director	1	1
Mr. Narendra Ambwani - Member	Independent Director	1	1

F. Finance Committee

Section 179 (3) of Companies Act, 2013 allows delegation of certain powers by the board viz. borrowings funds, making investments, granting loans, etc. In the interest

of the Company a Finance Committee of the Board of Directors of the Company was constituted on 10 August, 2016 for taking decisions on behalf of the Board, during the intervening period between two Board Meetings, on the routine matters and also the matters on which decisions are required to be taken urgently. The Finance Committee looks into the financial affairs of the Company and would facilitate an enable quick/timely decisions to be taken and implemented by the Company and would not hinder the smooth functioning of the Company for want of Board approval in the ordinary course of business.

During the year the Committee met 3(Three) times on 25 September, 2017, 23 January, 2018 and 24 March, 2018.

The details of composition of the Finance Committee and attendance of the Members at the Finance Committee Meetings are as under:

Name of Members	Category	No. of Meetings held	No. of Meeting(s) Attended
Mr. Nitin Dhavalikar – Chairman	Independent Director	3	3
Mr. Pritam Shah - Member	Executive Director	3	3
Mr. Devendra Shah - Member	Executive Director	3	3

Independent Directors' Meeting

During the year, the Independent Directors met on 24 March, 2018, inter alia, to review the performance of Non - Independent Director and Board of whole, review the performance of the Chairman of the Company taking into account the views of Executive and Non-Executive Directors, to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

Subsidiary Company

The Company does not have any material non-listed Indian Subsidiary as defined under Regulation 24 of Listing Regulations.

The Company's Audit Committee reviews the Standalone and Consolidated Financial Statements of the Company as well as the Financial Statements of the Subsidiaries, including the investments made by the Subsidiaries, if any.

The Company has formulated a policy for determining Material Subsidiaries and the policy is disclosed on the website of the Company at www.paragmilkfoods.com.

7. GENERAL BODY MEETINGS

a) Details of General Meetings:

Details of the Annual General Meetings (AGM) held during the preceding 3 years and Special Resolutions Passed there at are given below:

Financial Year	Date and Time	Venue	Details of Special Resolution(s) Passed
25th AGM 2016-2017	9 August, 2017 at 12:30 P.M.	Mahratta Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, A Wing, 5th Floor, Navalmal Firodia Seminar Hall, Senapati Bapat Road, Pune 411016	1. Approval for Payment of Managerial Remuneration to Mr. Devendra Shah- (DIN 01127319) - Chairman. 2. Approval for Payment of Managerial Remuneration to Mr. Pritam Shah (DIN 01127247) Managing Director.-
24th AGM-2015-2016	29 September, 2016 at 11:30 A.M.	Mahratta Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, A Wing, 5th Floor, Navalmal Firodia Seminar Hall, Senapati Bapat Road, Pune 411016	None
23rd AGM-2014-2015	26 June, 2015 at 11.30 A.M.	Awasari Phata, Manchar, District Pune (Manchar plant office)	None

- b) During the year under review, the Company sought approval of Members by way of Special Resolutions through Postal Ballot in compliance with Sections 108, 110 and other applicable provisions of the Act, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company provided remote electronic voting ("e-voting") facility to all its Members, to enable them to cast their votes electronically for the following Special Resolutions.

1. Re-classification of IRIS Business Solutions Private Limited from Promoter Category to Public Category; and
2. Increase of Investment Limit by Non-Resident Individuals to 24% of the Paid –up Equity Capital of the Company.

Details of the aforementioned Special Resolution proposed and passed through Postal Ballot is given below.

Name of Scrutiniser	Ms. Dipti A. Mehta, Partner, M/s. Mehta & Mehta, Practicing Company Secretaries.					
Mode of voting	Postal Ballot & voting by electronic means					
Date of Commencement of voting	Sunday, 11 March, 2018 (9.00 a.m.)					
Date of ending of voting	Monday 9, April, 2018 (5.00 p.m.)					
Brief Description of Resolution	Voted in favour of the resolution			Voted against the resolution		
	Number of Members voted	Number of Votes cast by them (Shares)	% of total number of valid votes cast	Number of Members voted	Number of Votes cast by them (Shares)	% of total number of valid votes cast
Re-classification of IRIS Business Solutions Private Limited from Promoter Category to Public Category	100	38,684,113	100%	01	05	0.00%
Increase of Investment Limit by Non-Resident Individuals to 24% of the Paid –up Equity Capital of the Company.	100	50,158,472	99.9993%	07	341	0.0007%

The above mentioned resolutions were passed with overwhelming majority on Monday 9, April, 2018

The results are also displayed on the website of the Company viz., www.paragmilkfoods.com besides being communicated to the stock exchanges.

8. MEANS OF COMMUNICATION

(i) Quarterly/Annual Results

The Un-audited quarterly and half yearly financial results are announced within forty –five days from the end of the quarter/half year and the audited annual results within sixty days from the end of the last quarter as stipulated under the Listing Regulations with the Stock Exchanges and the outcome of the Board Meeting(s) are sent to the Stock Exchanges within 30 minutes of conclusion of the Board Meeting(s) wherein the same are considered/approved.

(ii) Publication of Quarterly/ Annual Results

The quarterly, half yearly and annual results are published in Financial Express (English) and Lok Satta (Marathi) in Pune region.

(iii) Website where displayed:

www.paragmilkfoods.com

(iv) Whether website also displays official news releases:

As and when applicable

(v) Whether presentations made to institutional investors or the analysis: No

9. GENERAL SHAREHOLDER INFORMATION

(a) AGM: Date, Time and Venue

Wednesday 19 September, 2018 at 11.30 A.M. at Mahratta Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, A Wing, 5th Floor, Navalmal Firodia Seminar Hall, Senapati Bapat Road, Pune 411016.

(b) Financial Year

The Financial Year covers the period from 01 April, 2017 to 31 March, 2018.

(c) Record Date : 12 September, 2018

Book Closure period: 13 September, 2018 to 19 September, 2018. (both days inclusive)

(d) Dividend payment date:

Payment of Dividend 2017-2018 of ₹ 0.75/- per equity shares recommended by the Board of Directors at its Meeting held on 09 May, 2018. On or before 18 October, 2018 (subject to the shareholders' approval).

Particulars of Dividend declared in the previous year

Dividend at ₹ 0.50 per equity share of face value of ₹ 10/- was declared out of the profits of the Company for the financial year ended 31 March, 2017 on 841,14,582 of ₹ 10/- each fully paid up equity shares.

Particulars of Dividend remaining unclaimed:

In terms of Section 124(5) of the Companies Act, 2013, amounts transferred to the Unpaid Dividend Account of the Company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund (the Fund) established by the Central Government.

Brief particulars of dividend amount remaining unclaimed are given below:

Details of the unclaimed dividend pertaining to the year 2016-17 as on the date of last AGM (09 August, 2017) has been uploaded on Company's website www.paragmilkfoods.com under the Investor section.

Year to which Dividend pertains	Declared at the AGM	Date of transfer to Unpaid Dividend Account	Balance in the Unpaid dividend Account as on 31 March, 2018 (₹)	Proposed Date of transfer to IEPF
2016-2017 (final)	09 August, 2017	11 September, 2017	12623.00	10 September, 2024

Members can claim the unpaid dividend from the Company before it is transferred to the Investor Education and Protection Fund. As per The Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF), the transferred dividend can be claimed by the concerned member by making an application in Form IEPF-5 along with necessary documents from IEPF authority.

(e) Listing on the Stock Exchanges

Name and address of the Stock Exchanges	Stock Code /Scrip Code	ISIN Number
BSE Limited P. J. Towers, Dalal Street, Mumbai – 400 001	539889	INE883N01014
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	PARAGMILK	

(f) Market Price Data:

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

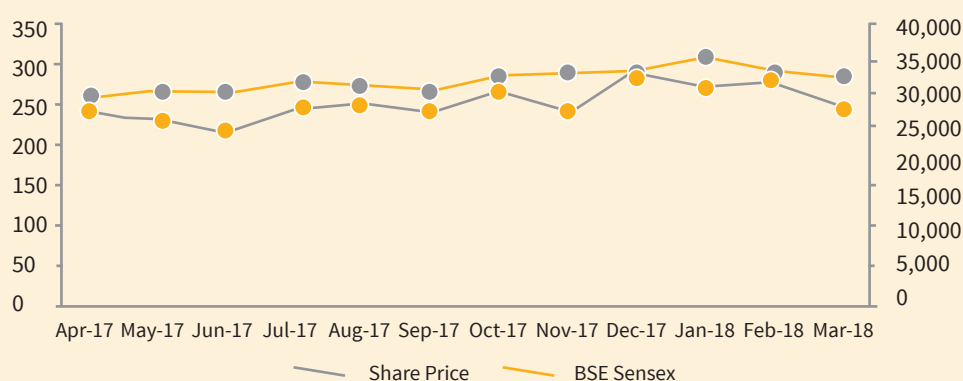
MONTHS	BSE			NSE		
	High	Low	Close	High	Low	Close
April 2017	255.00	228.80	243.7	254.90	228.30	243.45
May 2017	258.00	232.10	237.7	257.70	231.30	237.40
June 2017	241.30	205.85	215.7	241.80	206.00	216.10
July 2017	265.00	215.20	247.2	265.00	215.00	247.10
August 2017	263.00	220.65	254.7	262.10	219.95	254.60
September 2017	261.00	226.20	246.1	260.85	226.05	245.90
October 2017	290.00	239.80	270.8	281.00	239.90	270.85
November 2017	290.00	231.80	241.4	289.65	230.85	240.65
December 2017	312.75	240.60	297.2	312.95	240.40	298.15
January 2018	318.90	268.00	279.7	318.40	267.05	279.45
February 2018	311.00	255.00	280.5	305.95	255.00	279.50
March 2018	286.80	245.60	249.8	286.90	244.65	249.60

Source: BSE and NSE Websites

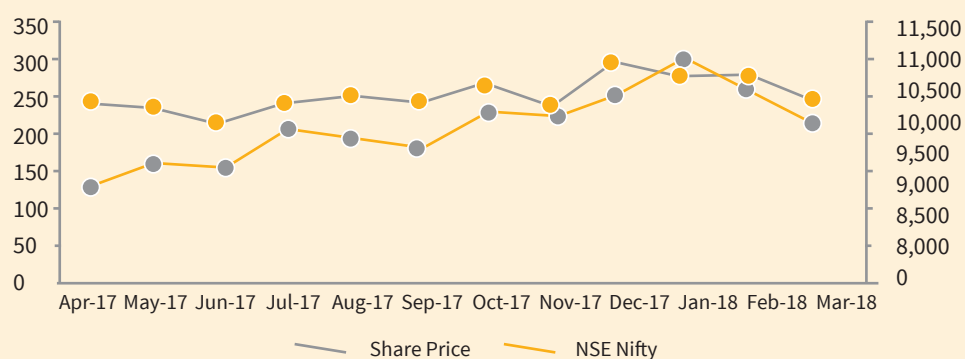
(g) Performance of the Company's Equity Share Price in comparison to BSE and NSE Indices

The performance of the Company's equity share price vis-à-vis the broad based BSE and NSE indices during the year are as under:

Parag Milk Foods Ltd's Share Price vs BSE Sensex



Parag Milk Foods Ltd's Share Price vs Nifty



(h) Registrar and Share Transfer Agents

The Company has appointed Karvy Computershare Private Limited ("Karvy") as its Registrar & Share Transfer Agents (R&TA) to handle the entire share registry work, both physical and electronic shares. Accordingly, all documents, transfer deeds, demat requests and other communications/queries in relation thereto should be addressed to the R&TA at the following office. Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

Karvy Computer Share Private Limited

Unit: Parag Milk Foods Limited

Karvy Selenium, Tower B, Plot number 31 & 32,
Financial District, Gachibowli, Hyderabad – 500032

Email ID: mohsin.mohd@karvy.com

Phone : +91 40 67161562 / 67161583

Website: www.karvycomputershare.com

(i) Share Transfer System

Share transfers in physical form are registered within a period of 7 to 15 days from the date of receipt in case documents are complete in all respects. The

total number of transfers/transmissions received and total number of shares transferred/transmitted during the year 01 April, 2017 to 31 March, 2018 were.:

Transfer/Transmissions: NIL

(j) Dematerialisation of Shares

The Company's shares are available for dematerialisation with both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Paid up capital of the Company were held in dematerialised form as on 31 March, 2018 were as given below:

Sr. No.	Description	No. of Holders	Shares	% of Equity
1.	Physical	2	53	0.00%
2.	NSDL	17,790	6,61,29,390	78.62%
3.	CDSL	13,309	1,79,85,139	21.38%
Total:			8,41,14,582	100.00

(k) (i) Distribution of Shareholding

The broad shareholding distribution of the Company as on 31 March, 2018 with respect to categories of investors was as follows:

Category of Shareholder(s)	Total No. of Shares	% of Total No. of Shares
(A) SHAREHOLDING OF PROMOTER AND PROMOTER GROUP		
(a) Individuals	3,86,61,435	45.96
(b) Bodies Corporate	23,14,200	2.75
Total Shareholding of Promoter and Promoter Group (A)	4,09,75,635	48.71
(B) PUBLIC SHAREHOLDING		
(1) Institutions		
(a) Mutual Funds	36,53,621	4.34
(b) Banks/FI	51,583	0.06
(c) Venture Capital Funds	68,97,104	8.20
(d) Foreign Portfolio Investors	1,26,60,846	15.05
(e) Alternative Investment Funds	6,47,584	0.77
(f) Other Foreign Investors	-	-
Sub-Total (B)(1)	2,39,10,738	28.43
(2) Non-Institutions		
(a) Bodies Corporate	34,28,678	4.08
(b) Individuals		
(i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs	79,22,135	9.42
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	47,83,943	5.69
(c) NBFCs registered with RBI	14,20,470	1.69
(d) Others	14,45,983	1.72
Sub-Total (B)(2)	1,90,01,209	22.59
Total Public Shareholding (B)=(B)(1)+(B)(2)	4,29,11,947	51.02
(C) NON PROMOTER - NON PUBLIC SHAREHOLDER		
(a) Custodian/DR Holder	-	-
(b) Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)	2,27,000	0.27
Total (A)+(B)+(C)	8,41,14,582	100

(ii) Distribution of shareholding of shares of the Company as on 31 March, 2018 is as follows:

The broad shareholding distribution of the Company as on 31 March, 2018 with respect to size of holdings was as follows:

Sr. No.	Category	Cases	% of Cases	Amount	% of Amount
1	1-5000	27,544	88.56	27,287,770.00	3.24
2	5001- 10000	1,551	4.99	13,049,860.00	1.55
3	10001- 20000	969	3.12	14,832,510.00	1.76
4	20001- 30000	381	1.23	9,692,780.00	1.15
5	30001- 40000	154	0.50	5,526,800.00	0.66
6	40001- 50000	128	0.41	5,965,850.00	0.71
7	50001- 100000	188	0.60	13,618,990.00	1.62
8	100001& Above	182	0.59	751,171,260.00	89.30
Total		31,097	100.00	841,145,820.00	100

The quarterly shareholding patterns filed with the stock exchanges are also available on the website of the Company and on the website of the stock exchanges where equity shares of the Company are listed i.e., BSE and NSE.

(l) Audit of Reconciliation of Share Capital

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Audit of Reconciliation of Share Capital to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid up capital. This audit is carried out every quarter and the report there on is submitted to the Stock Exchanges, and is placed before the Board. The audit, inter alia, confirms that the total issued and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form held with NSDL and CDSL and total number of shares in physical form.

(m) Outstanding Global Depository Receipts ("GDRs") or American Depository Receipts ("ADRs") etc.

The Company has not issued any GDRs/ADRs/Warrants. There are no outstanding Foreign Currency Convertible Bonds and Employee Stock Options.

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

Company has a natural hedging from the Export proceeds it receives.

(o) Plant Location

The Company has 3 (Three) Plants as follows:

Sr. No.	Plant	Locations
1.	Plant 1	Manchar Plant: At Awasari Phata, Post Manchar, Tal. Ambegoan Dist. Pune Maharashtra
2.	Plant 2	Palamaner Plant; 149/1, Samudra Palli Village, Pengaragunta (P.O.), Palamaner, Chittoor, Andhra Pradesh – 517 408
3.	Plant 3	Sonipat Plant: Plot No. 2266-2268, Food Park Phase-2, HSIDC Industrial Estate- Rai, Sonipat, Haryana- 131029

10. OTHER DISCLOSURES**A. Disclosure on Materially Significant Related Party Transactions**

All transactions entered into with Related Parties as defined under the Act and Regulation 23 of the Listing Regulations during the Year were in the ordinary course of business and on arm's length basis. All Related Party Transactions ("RPTs") were approved by the Audit Committee. The Company did not enter into any materially significant related party transactions, which had potential conflict with the interest of the Company at large. The register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties are

disclosed under Note No. 43 of the Notes to Accounts to the financial statements in the Annual Report. Further the details of the policy are also posted on the website of the Company viz. www.paragmilkfoods.com.

B. Accounting Treatment:

Pursuant to the notification issued by Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ('IND AS') with effect from 01 April, 2017

C. Details of Non-Compliance, Penalties, Strictures Imposed by The Stock Exchange(S) or SEBI or any Statutory Authority on any Matter Related to Capital Markets during since Listing.

The Company has complied with all requirements of the SEBI (LODR) Regulations, 2015, with the Stock Exchanges as well as the regulations and guidelines of SEBI and other regulatory authorities. No penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authorities on any matter relating to capital markets since listing of its shares.

D. Vigil Mechanism (Whistle Blower Policy)

The Company has in place Vigil Mechanism/ Whistle Blower Policy and the details of the same are provided in the Board's Report. Further it is affirmed that no personnel has been denied access to the Audit Committee.

E. Details of Compliance with Mandatory requirements and adoption of Non-mandatory/discretionary requirements:

The Company has complied with all the mandatory requirements of the Listing regulations. The status of the non-mandatory requirements pursuant to regulation 27(1) read with Part E of Schedule II of the Listing Regulations are as under:

- Shareholder Rights; The complete Annual report is sent to each and every shareholder of the Company.
- Audit Qualifications; There is no qualification in the Independent Auditors Report on the Standalone & Consolidated financial statement for FY 2017-18.
- The Company has separate post of Chairman and Managing Director.

- The Internal Auditors report directly to the Audit Committee

F. Code of Conduct

The Company has laid down a Code of Conduct for Board of Directors and Senior Management Personnel of the Company. The Code has been posted on the Website of the Company at: www.paragmilkfoods.com

The Managing Director has confirmed and declared that all the members of the Board and Senior management have affirmed compliance with the Code of Conduct.

G. CEO/CFO Certification

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations. The annual certificate given by the Chairman and Managing Director and the Chief Financial Officer is published in this Report.

H. Compliance Certificate by Practicing Company Secretary

Certificate from M/s. N. L. Bhatia & Associates, a firm of Company Secretaries in Practice, confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 read with Schedule V of the Listing Regulations, is attached to this Report.

I. Website Disclosures

In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly/Half yearly/ Nine-months and Annual Financial Results along with the applicable policies of the Company. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website

www.paragmilkfoods.com.

J. Disclosure on Compliance with Corporate Governance Requirement

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

The certificate as required pursuant to Regulation 17(8) of the Listing Regulations is periodically furnished by the Managing Director and the Chief Financial Officer of the Company to the Board of Directors of the Company with respect to accuracy of financial statements and adequacy of internal controls.

11. GREEN INITIATIVE

By virtue of the Ministry of Corporate Affairs ("MCA") Circular Nos 17/2011 and 18/2011 dated 21 April, 2011 and 29 April, 2011 respectively, read with Rule 11 of the

Companies (Accounts) Rules, 2014, service of documents may be made to members through electronic mode.

The Company has been sending Annual Reports from FY 2015-2016 in by email to all those members whose email addresses are registered in the member records as maintained by the Registry and transfer Agent. Physical copies are also provided to such members on specific request.

We are therefore appeal to the members to join the "Green Initiative" and request the members to register their name for receiving the said documents in electronic mode by sending an email giving their Folio Number and / or DP ID/Client ID to the Registrars, Karvy Computershare Pvt. Ltd at mohsin.mohd@karvy.com

Place: Mumbai
Date: 9 May, 2018

For **Parag Milk Foods Limited**
Sd/-
Devendra Shah
Executive Chairman
(DIN : 01127319)

Declaration By Managing Director On Compliance With The Company's Code Of Conduct

To,
The Members of
Parag Milk Foods Limited

The Company has formulated a Code of Conduct for Board of Directors and Senior Management Personnel of the Company. The Code has been posted on the Website of the Company . It is hereby affirmed that all Directors and Senior Managers have complied with the Code of Conduct framed by the Company and a confirmation to this effect for the year 2017-18 has been obtained from all the Directors and Senior Managers.

Place : Mumbai
Date : 9 May, 2018

Sd/-
Pritam Shah
Managing Director
(DIN : 01127247)

Managing Director/CFO Certificate

To,
The Board of Directors,
Parag Milk Foods Limited

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

- 1) We have reviewed the Financial Statements for the Financial Year ended 31 March, 2018 and to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- 2) To the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended 31 March, 2018 are fraudulent, illegal or violative of the Company's code of conduct.
- 3) We accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and we have evaluated the Effectiveness of Internal Control Systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- 4) We have indicated to the auditors and the Audit Committee that:
 - a. There has not been any significant change in internal control over financial reporting during the year under reference;
 - b. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
- c. We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Mumbai
Date : 9 May, 2018

Pritam Shah
Managing Director
(DIN: 01127247)

Vimal Agarwal
Chief Financial Officer

Practising Company Secretaries'**Certificate on Corporate Governance**

To,
The Members of
Parag Milk Foods Limited

We have examined all the relevant records of Parag Milk Foods Limited ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period from April 01, 2017 to March 31, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the said Listing Regulations.

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

Place: Mumbai
Date: 9 May, 2018

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

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

Independent Auditor's Report

To the Members of Parag Milk Foods Limited

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Standalone Ind AS Financial Statements of Parag Milk Foods Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Standalone Ind AS Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the (state of affairs) financial position, profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Standalone Ind AS Financial Statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2018, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- (1) As required by the Companies (Auditors' 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 "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;

- e. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in “Annexure 2”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements - Refer Note no. 41 on Contingent Liabilities to the Standalone Ind AS Financial Statements;
 - (ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts. Hence the question of material foreseeable losses do not arise; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

Independent Auditor's Report (Contd.)

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Parag Milk Foods Limited on the standalone financial statements for the year ended March 31, 2018]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except for certain assets where quantitative details are not available since inception.
- (b) During the year, the fixed assets of the Company have been physically verified by the management, except for certain assets where quantitative details are not available as discussed above, and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.
- (ii) The inventory (excluding stocks lying with third parties) has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, sales tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, however, there have been significant delays in all the months for Goods & Services tax and large number of cases of delays in case of tax deducted at source and employees state insurance.

According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, which were outstanding, at the year-end for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues with respect to service tax, customs duty, excise duty, Goods & services tax which have not been deposited on account of any dispute, except in respect of sales tax and income tax as below :

Name of the statute	Nature of dues	Amount ₹ in millions #	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax Act, 2002	VAT	0.45	FY2006-07	Joint Commissioner of Sales Tax (App) -1
Maharashtra Value Added Tax Act, 2002	VAT	37.90	FY 2009-10	Joint Commissioner of Sales Tax (App) -1
Central Sales Tax Act, 1956	CST	8.72	FY 2006-07	Joint Commissioner of Sales Tax (App) -1
Central Sales Tax Act, 1956	CST	20.25	FY 2009-10	Joint Commissioner of Sales Tax (App) -1
Central sales tax Act, 1956	CST	2.60	FY 2012-13	Dy. Commissioner of sales Tax
Maharashtra Value Added Tax Act, 2002	VAT	1.92	FY 2012-13	Dy. Commissioner of sales Tax
Maharashtra Value Added Tax Act, 2002	VAT	0.64	FY 2010-11	Joint Commissioner of Sales Tax (App) -1

Independent Auditor's Report (Contd.)

Name of the statute	Nature of dues	Amount ₹ in millions #	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax Act, 2002	VAT	2.41	FY 2013-14	Dy. Commissioner of sales Tax
Central sales tax Act, 1956	CST	1.43	FY 2013-14	Dy. Commissioner of sales Tax
Income Tax Act, 1961	Income tax	12.89	FY 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	49.32	FY 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	136.39	FY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	0.27	FY 2014-15	Assessing Officer
Income Tax Act, 1961	Income tax	83.28	FY 2015-16	Assessing Officer

Amount paid under protest against the disputed dues of VAT/ CST is ₹ 6.66 Mn.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, governments or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of initial public issue offer and the term loans during the year for the purposes for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

- (xi) According to the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Standalone Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

Anup Mundhra

Partner

Membership No.: 061083

Place: Mumbai

Date: May 9, 2018

Independent Auditor's Report (Contd.)

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Parag Milk Foods Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2018]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Parag Milk Foods Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 ICAI.

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner
Membership No. 061083

Place: Mumbai
Date: 09 May, 2018

Standalone Balance Sheet

AS AT 31 MARCH, 2018

(All figures are in ₹ million unless otherwise stated)

Particulars	Notes	31 March, 2018	31 March, 2017	31 March, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	3,660.14	3,063.32	2,950.49
Capital work-in-progress		159.91	164.25	232.67
Other intangible assets	5	46.90	4.22	2.43
Intangible assets under development		-	41.85	45.06
Investment in Subsidiary	6 A	622.64	622.64	622.64
Financial assets				
Investments	6 B	5.05	0.06	0.06
Other financial assets	7	95.47	131.69	91.28
Deferred tax assets (Net)	34	73.04	83.63	-
Other non-current assets	8	119.69	479.02	70.95
Total		4,782.84	4,590.68	4,015.58
Current assets				
Inventories	9	4,299.95	4,267.21	2,710.51
Financial assets				
Trade receivables	10	2,458.71	1,713.25	2,130.65
Cash and cash equivalents	11	299.83	402.93	45.93
Other bank balances	12	185.90	597.21	24.65
Current tax Assets (Net)	13	-	110.08	-
Other current assets	14	1,652.19	1,249.22	702.75
Total		8,896.58	8,339.90	5,614.49
Total assets		13,679.42	12,930.58	9,630.07
EQUITY AND LIABILITIES				
Equity				
Equity share capital	15	838.88	838.88	701.89
Other equity	16	6,329.02	5,541.76	2,826.91
		7,167.90	6,380.64	3,528.80
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	17	635.15	703.07	1,182.15
Provisions	18	34.22	14.58	5.71
Deferred tax liabilities (Net)	34	-	-	12.07
Other non-current liabilities	19	58.20	120.00	120.00
Total		727.57	837.65	1,319.93
Current liabilities				
Financial liabilities				
Borrowings	20	2,001.48	1,440.88	2,357.01
Trade payables	21	2,912.56	3,058.25	1,621.18
Other financial liabilities	22	715.18	713.38	551.47
Other current liabilities	23	99.41	484.68	209.96
Provisions	18	13.48	15.10	3.58
Current Tax Liabilities (Net)	24	41.84	-	38.14
Total		5,783.95	5,712.29	4,781.34
Total liabilities		6,511.52	6,549.94	6,101.27
Total equity and liabilities		13,679.42	12,930.58	9,630.07
Significant accounting policies	3			
The accompanying notes form an integral part of these Financial Statements.	4-55			

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sangneria

Company Secretary & Compliance Officer

Standalone statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH, 2018

(All figures are in ₹ million unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2018	Year ended 31 March, 2017
REVENUE			
Revenue from operations	25	19,181.18	17,010.85
Other income	26	56.30	86.28
Total		19,237.48	17,097.13
EXPENSES			
Cost of materials consumed	27	12,920.09	13,353.91
Purchases of stock-in-trade	28	688.18	734.41
Changes in inventories of work-in-progress and finished goods	29	7.92	(1,551.23)
Employee benefit expense	30	663.39	613.30
Finance costs	31	351.42	289.55
Depreciation and amortisation expense	32	487.56	472.63
Other expenses	33	3,042.69	3,084.98
Total		18,161.25	16,997.55
Profit before exceptional items and tax		1,076.23	99.58
Exceptional items		-	(193.84)
Profit/(Loss) before tax		1,076.23	(94.26)
Tax expense	34		
Current tax		279.24	25.66
Deferred tax		12.19	(102.29)
Profit/(Loss) after tax		784.80	(17.63)
Other comprehensive income	34		
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(4.63)	(10.71)
Income Tax effect		1.60	3.71
Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		(3.03)	(7.00)
Total comprehensive income for the year		781.77	(24.63)
Earnings per equity share of face value of ₹ 10/- each:			
Basic earnings per share (in ₹)	46	9.36	(0.21)
Diluted earnings per share (in ₹)	46	9.33	(0.21)
Significant accounting policies	3		
The accompanying notes form an integral part of these Financial Statements.	4-55		

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sanganeria

Company Secretary & Compliance Officer

Standalone statement of Cash Flow

FOR THE YEAR ENDED 31 MARCH, 2018

(All figures are in ₹ million unless otherwise stated)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	1,076.23	(94.26)
Add :		
Depreciation/amortisation	487.56	472.63
Provision for doubtful debts	160.00	288.78
Loss on sale of fixed assets	-	0.18
Unrealised forex (gain)/loss	10.83	-
Fair valuation loss - mutual fund	0.08	-
Interest expense	351.42	289.55
Less :		
Profit on sale of mutual fund		
Other comprehensive income	(3.03)	(7.00)
Profit on sale of Property, Plant and Equipment	-	(0.04)
Interest income	(37.30)	(60.19)
Operating profit before working capital changes	2,045.79	889.65
Adjustments for :		
(Increase) / decrease in inventories	(32.75)	(1,556.70)
(Increase) / decrease in trade receivables	(905.47)	128.63
(Increase) / decrease in non-current and current financial assets	36.22	(40.41)
(Increase) / decrease in other non-current and current assets	(351.37)	(666.25)
(Increase) / decrease in other bank balances	411.31	(572.56)
Increase / (decrease) in non-current and current financial liabilities	193.23	(0.03)
Increase / (decrease) in other non-current and current liabilities	(447.07)	274.72
Increase / (decrease) in trade payables	(145.69)	1,437.07
Increase / (decrease) in provisions	18.01	20.39
Cash generated from operations	822.21	(85.49)
Direct taxes paid (net of refunds)	(128.92)	(167.29)
Net cash flow from operating activities	693.29	(252.78)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(710.89)	(924.70)
Purchase of intangible assets	(10.65)	(0.09)
Sale of fixed assets	-	0.97
Investment in fixed deposits/mutual funds	(5.07)	0.01
Interest received	41.82	56.44
Net cash used in investing activities	(684.79)	(867.37)

Standalone statement of Cash Flow

FOR THE YEAR ENDED 31 MARCH, 2018 (Contd.)

(All figures are in ₹ million unless otherwise stated)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	210.00	3.01
Proceeds from issue of shares (net of issue expenses)	-	3,000.00
Proceeds / (repayment) from short term borrowings (net)	560.60	(916.13)
Proceeds / (Repayment) from unsecured loan (net)	-	(180.00)
Repayment of long term borrowings	(478.22)	(133.36)
Payment of dividend	(50.62)	-
Interest paid	(353.36)	(296.37)
Net cash flow from financing activities	(111.60)	1,477.15
Net increase in cash and cash equivalents (A+B+C)	(103.10)	357.00
Cash and cash equivalents at the beginning of the year		
Cash in hand	402.93	45.93
Cash and cash equivalents at the end of the year		
Cash in hand	299.83	402.93

Note:

- In part A of Statement of Cash Flows, amounts in bracket indicate deductions made from net profit for deriving net cash flow from operating activities and in part B & C amount in bracket indicate outflows.
- The above cashflow statement has been prepared under the 'Indirect Method' as set out in Ind AS 7- Statement of Cashflow
- Non cash movement in borrowings include addition on account of foreign exchange loss (gain) of ₹ 1.99 million (March 31, 2017: ₹ (18.05) million) in respect of Foreign Currency Loan.

Significant accounting policies

3

The accompanying notes form an integral part of these Financial Statements.

4-55

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sangneria

Company Secretary & Compliance Officer

Statement of changes in equity

FOR THE YEAR ENDED 31 MARCH, 2018

A. EQUITY SHARE CAPITAL

(All figures are in ₹ million unless otherwise stated)

Particulars	Amount
Balance at the end of 1 April, 2016	159.70
Add: Issued during the year- face value per share at ₹ 10/-	544.46
Less: Shares held by ESOP Trust (Treasury Shares)	(2.27)
Balance at the end of 31 March, 2016	701.89
Add: Issued during the year- face value per share at ₹ 10/-	136.99
Balance at the end of 31 March, 2017	838.88
Add: Issued during the year- face value per share at ₹ 10/-	-
Balance at the end of 31 March, 2018	838.88

OTHER EQUITY

(All figures are in ₹ million unless otherwise stated)

Particulars	Reserves and Surplus					Other Comprehensive Income (Remeasurement in defined benefit plans)	Total
	Securities Premium Reserve	General Reserve	Debenture redemption reserve	Employee Stock Options Outstanding	Retained Earnings		
Balance as on 01.04.2016	1,647.18	20.00	18.00	9.60	1,132.21	(0.08)	2,826.91
Total comprehensive income for the year	-	-	-	-	(17.63)	-	(17.63)
Other comprehensive income for the year	-	-	-	-	-	(7.00)	(7.00)
Deferred Employee Compensation Expense	-	7.39	-	(0.23)	-	-	7.16
Creation of Debenture Redemption Reserve	-	-	4.50	-	(4.50)	-	-
Securities premium credited on share issue	2,863.01	-	-	-	-	-	2,863.01
Securities premium debited on IPO expense	(130.69)	-	-	-	-	-	(130.69)
Balance as on 31.03.2017	4,379.50	27.39	22.50	9.37	1,110.08	(7.08)	5,541.76
Total comprehensive income for the year	-	-	-	-	784.80	-	784.80
Other comprehensive income for the year	-	-	-	-	-	(3.03)	(3.03)
Deferred Employee Compensation Expense	-	1.67	-	(1.67)	-	-	-
Transfer of Debenture Redemption Reserve on redemption	-	22.50	(22.50)	-	-	-	-
Securities premium credited for unutilised IPO expense provision	56.11	-	-	-	-	-	56.11
Dividend paid	-	-	-	-	(42.06)	-	(42.06)
Tax on dividend	-	-	-	-	(8.56)	-	(8.56)
Balance as on 31.03.2018	4,435.61	51.56	-	7.70	1,844.26	(10.11)	6,329.02

Significant accounting policies

3

The accompanying notes form an integral part of these Financial Statements.

4-55

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sanganeria

Company Secretary & Compliance Officer

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018

1. CORPORATE INFORMATION

Parag Milk Foods Limited (formerly Parag Milk Foods Private Limited) ("the Company") was incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged in the business of procurement of cow milk mainly in western and southern region, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk powder, flavoured milk, lassi, curd etc. which are marketed under its registered brand name "Gowardhan", "Go" and "Topp up". The registered office of the Company is situated at Flat No. 1, Plot No. 19, Nav Rajasthan Society, S. B. Road, Shivaji Nagar, Pune-411016.

2. BASIS OF PREPARATION

A. Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance

with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance is provided in Note 52.

The standalone financial statements were authorised for issue by the Company's Board of Directors on May 9, 2018.

Details of the Company's accounting policies are included in Note 3.

B. Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest millions, unless otherwise indicated.

C. Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Shared-based payments	Fair value
Net defined benefit (asset)/ liability	Present value of defined benefit obligation less Fair value of plan assets

D. Current / non-current classification of assets/ liabilities

The Company has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/liabilities are classified as non-current

E. Use of estimates and judgements

In the preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and

other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions, judgements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 are as below and also been discussed in detail in the relevant section of accounting policies.

- Measurement of defined benefit obligations: key actuarial assumptions;
- Useful life of property, plant and equipment
- Fair value measurement of financial instruments
- Impairment of financial assets.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018 (Contd.)

F. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Share-based payments
- Financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property,

plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as on 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer note 55).

iii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation

Depreciation on cost of fixed assets is provided on straight line method at estimated useful life, which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013, except for Second hand machineries which are depreciated over an estimated useful life of 10 years based on management estimate.

Depreciation on additions is provided on a prorata basis from the date of ready to use and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis upto the month proceeding the month of deduction/disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018 (Contd.)

v. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of classification.

- vi. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

b) Intangible assets

i. Recognition and measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment

losses. Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increase the future economic benefits embodied in the specific assets to which it relates. All other expenditure are recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Assets	Useful life (years)
Trade Marks	10
Computer Software	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (Refer note 55).

ii. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable

c) Impairment

i. Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL with simplified approach. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit or loss.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018 (Contd.)

amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the date of inception is deemed to be 1 April 2016 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

e) Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in

process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on first in first out basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Stock-in-trade and finished goods are valued at the lower of net realisable value and cost (including prime cost and other overheads incurred in bringing the inventories to their present location and condition), computed on a first in first out basis.

f) Financial instruments

i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. Classification and subsequent measurement Financial Assets

Financial assets carried at amortised cost

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018 (Contd.)

Financial assets at fair value through other comprehensive income

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case, the Company's management has made an irrevocable election at the time of initial recognition to account for the equity investment (Other than Investments in equity instruments of Subsidiary) fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.

Investment in subsidiary

Investment in subsidiary is carried at cost in the financial statements.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

g) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with a transaction flow to the company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the company.

Revenue includes only the gross inflows of economic benefits, including excise duty, received or receivable by the company, on its own account. Amount collected on behalf of third parties such as sales tax, value added tax and goods and services tax are excluded from revenue.

Processing charges is recognised as per the terms of the contract when the related services are rendered.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income is recognised using the effective

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018 (Contd.)

interest method.

h) Foreign currencies

Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the company are recorded in the functional currency (INR), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit & Loss.

Measurement of foreign currency items at reporting date

Foreign currency monetary items of the company are translated at the closing exchange rates. Non monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the date of the transaction. Non monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit & Loss except exchange differences on long term foreign currency monetary items related to acquisition of fixed assets prior to transition to Ind AS, which are included in the cost of fixed assets.

i) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

j) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax

payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018 (Contd.)

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Presentation of current and deferred tax

Current and deferred tax are recognised as income or an expense in the Statement of Profit & Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/ expense are recognised in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the company has legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the company.

MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset/Net of Deferred tax liabilities.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

l) Provisions, contingent liabilities and contingent assets

The company recognizes the provisions when a present obligation (legal or constructive) as a result of past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-

tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying the economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying the economic benefits is remote, no provision or disclosure is made.

Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

m) Employee benefits

Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, Employees State Insurance., are recognised as expenses in the period in which the employee renders the related service. The Company has no further obligations beyond its monthly contributions. The Company also provides for post-employment defined benefit in the form of gratuity. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018 (Contd.)

related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

n) Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

o) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

q) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the company

s) Recent accounting pronouncements/ Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board (IASB). These amendments are applicable to the Company from 1st April, 2018. The Company will be adopting the amendments from their effective date.

i. Ind AS 115, Revenue from Contract with Customers:

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not

Notes

TO STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2018 (Contd.)

completed contracts at the date of initial application of the standard.

Based on the preliminary assessment performed by the Company, the impact of application of the Standards is not expected to be material.

ii. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of assets, expense or income (or part of it) is the date on which the entity initially recognises the non-monetary asset or non monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipt in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The impact of the appendix on the financial statements, as assessed by the Company, is expected to be not material.

iii. Ind AS 12 - Income taxes

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 12, 'Income taxes'. The amendments are applicable to the Company from April 01, 2018. The amendments explain how to apply the recognition and measurement requirements in Ind AS 12 Income taxes when there is uncertainty over income tax treatment. The amendments considers that:

- Tax law determines which deductions are offset against taxable income in determining taxable profits
- No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Company is evaluating the impact of this amendment on its financial statements. However, based on preliminary assessment, there will not be any material impact on the financial position and performance of the Company.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

(All figures are in ₹ million unless otherwise stated)

Particulars	Freehold land	Leasehold building improvements	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office equipment	Computer	Total
Year ended 31 March, 2017									
Gross carrying amount									
Deemed cost as at 1 April, 2016	33.08	6.48	576.24	2,296.57	11.96	16.34	7.00	2.82	2,950.49
Additions during the year	-	31.39	8.50	505.39	9.93	8.80	2.83	18.25	585.09
Disposals during the year	-	-	-	(0.18)	-	(0.97)	-	-	(1.15)
Closing gross carrying amount as at 31 March, 2017	33.08	37.87	584.74	2,801.78	21.89	24.17	9.83	21.07	3,534.43
Accumulated depreciation									
Depreciation charge during the year	-	3.90	27.67	428.26	1.90	5.12	2.43	1.83	471.11
Closing accumulated depreciation as at 31 March, 2017	-	3.90	27.67	428.26	1.90	5.12	2.43	1.83	471.11
Net carrying amount as at 31 March, 2017	33.08	33.97	557.07	2,373.52	19.99	19.05	7.40	19.24	3,063.32
Year ended 31 March, 2018									
Gross carrying amount									
Opening gross carrying amount	33.08	37.87	584.74	2,801.78	21.89	24.17	9.83	21.07	3,534.43
Additions during the year	-	0.21	136.07	925.23	2.14	0.16	1.18	9.57	1,074.56
Closing gross carrying amount as at 31 March, 2018	33.08	38.08	720.81	3,727.01	24.03	24.33	11.01	30.64	4,608.99
Accumulated depreciation									
Opening accumulated depreciation	-	3.90	27.67	428.26	1.90	5.12	2.43	1.83	471.11
Depreciation charge during the year	-	14.26	29.47	417.38	2.51	3.52	2.24	8.36	477.74
Closing accumulated depreciation as at 31 March, 2018	-	18.16	57.14	845.64	4.41	8.64	4.67	10.19	948.85
Net carrying amount as at 31 March, 2018	33.08	19.92	663.67	2,881.37	19.62	15.69	6.34	20.45	3,660.14

Under the Indian GAAP, Company was following the accounting treatment as per paragraph 46/ 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets was added/ deducted from the cost of the depreciable asset, which was depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has opted to apply this exemption and accordingly the Company has adjusted foreign exchange gain/(loss) of ₹(0.40) millions for the year ended 31 March, 2018 (31 March, 2017: ₹ 15.75 million) arising on reporting of long term foreign currency monetary item against the historical cost of fixed assets.

For property, plant and equipment existing as at April 1, 2016, i.e. date of transition to Ind AS, the Company has used Indian GAAP carrying values as deemed cost as permitted by Ind AS 101 - First time adoption. Accordingly, the net carrying value as per previous GAAP as at April 1, 2016 has been considered as deemed cost under Ind AS.

For details of assets given as security against borrowings, Refer note 17 and 20

Amount of contractual commitments for the acquisition of PPE, Refer note 41

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 5: OTHER INTANGIBLE ASSETS

(All figures are in ₹ million unless otherwise stated)

Particulars	Computer software	Brands / Trade Marks	Total
Year ended 31 March, 2017			
Gross carrying amount			
Deemed cost as at 1 April, 2016	2.25	0.18	2.43
Additions during the year	3.31	-	3.31
Closing gross carrying amount as at 31 March, 2017	5.56	0.18	5.74
Accumulated amortisation			
Amortisation charge for the year	1.46	0.06	1.52
Closing accumulated amortisation as at 31 March, 2017	1.46	0.06	1.52
Closing net carrying amount as at 31 March, 2017	4.10	0.12	4.22
Year ended 31 March, 2018			
Gross carrying amount			
Opening gross carrying amount	5.56	0.18	5.74
Additions during the year	52.50	-	52.50
Closing gross carrying amount as at 31 March, 2018	58.06	0.18	58.24
Accumulated amortisation			
Opening accumulated amortisation	1.46	0.06	1.52
Amortisation charge for the year	9.74	0.08	9.82
Closing accumulated amortisation as at 31 March, 2018	11.20	0.14	11.34
Closing net carrying amount as at 31 March, 2018	46.86	0.04	46.90

There are no contractual commitments for the acquisition of intangible assets.

For intangible assets existing as at 1 April, 2016, i.e. date of transition to Ind AS, the Company has used Indian GAAP carrying values as deemed cost as permitted by Ind AS 101 - First time adoption. Accordingly, the net carrying value as per previous GAAP as at April 1, 2016 has been considered as deemed cost under Ind AS.

NOTE 6 A: INVESTMENT IN SUBSIDIARIES

(All figures are in ₹ million unless otherwise stated)

Particulars	Face value	% of holding	31 March, 2018		31 March, 2017		1 April 2016	
			Quantity	Value	Quantity	Value	Quantity	Value
Unquoted								
Investment in equity instruments (fully paid-up)								
Investment in wholly owned subsidiaries carried (at cost)								
Bhagalaxmi Dairy Farm Private Limited	₹ 10	100%	5,785,354	622.64	5,785,354	622.64	5,785,354	622.64

NOTE 6 B: OTHER INVESTMENTS

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018		31 March, 2017		1 April 2016	
	Quantity	Value	Quantity	Value	Quantity	Value
Unquoted						
Investment in equity instruments (fully paid-up)						
Investment in other entities (fair value through Profit and Loss)						
OPGS Power Gujarat Private Limited	218,000	0.07	-	-	-	-
Other Investments						
Investment in other entities which are carried at amortised cost						
Rupee Co-Operative Bank Ltd.	3,800	0.04	3,800	0.04	3,800	0.04

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 6 B: OTHER INVESTMENTS (Contd.)

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018		31 March, 2017		1 April 2016	
	Quantity	Value	Quantity	Value	Quantity	Value
Sharad Sahakari Bank Ltd.	318	0.02	318	0.02	318	0.02
Investment in mutual fund (fair value through Profit and Loss)						
UBI Mutual Fund	499,990	4.92	-	-	-	-
Total		5.05		0.06		0.06
Total non-current investments		627.69		622.70		622.70
Aggregate amount of quoted investments and market value thereof		-		-		-
Aggregate amount of unquoted investments		627.69		622.70		622.70
Aggregate amount of impairment in the value of investments		-		-		-

NOTE 7: OTHER FINANCIAL ASSETS - NON-CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Unsecured, considered good			
Fixed deposits having maturity of more than one year	2.62	15.26	8.77
Interest Receivable	0.34	2.89	2.23
Deposits	92.51	113.54	80.28
Total	95.47	131.69	91.28

NOTE 8: OTHER NON-CURRENT ASSETS

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Unsecured, considered good			
Capital advances	119.69	479.02	70.95
Total	119.69	479.02	70.95

NOTE 9 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Raw materials	21.24	33.98	28.97
Work-in-progress	2,212.34	2,010.08	1,371.23
Finished goods	1,839.77	2,049.95	1,137.57
Packing material	103.60	74.20	90.38
Stores and spares	123.00	99.00	82.36
Total	4,299.95	4,267.21	2,710.51

For Inventories pledged as securities against borrowings, see note 17.

The above includes goods in transit as below:

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Stock in transit - finished goods	-	4.18	1.44

The cost of inventories recognised as an expense includes ₹ 13.91 million (31 March, 2017: ₹ 10.50 million) in respect of write down of inventories to net realisable value. Further, a sum of ₹ 10.50 million (31 March, 2017: Nil) in respect of reversal of such write downs. Previous write downs have been reversed as a result of appreciation in market price of such inventories.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 10: TRADE RECEIVABLES

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Unsecured, Considered good	2,458.71	1,713.25	2,130.65
Unsecured, Considered doubtful	804.96	644.96	367.42
Less: Allowance for doubtful debts	(804.96)	(644.96)	(367.42)
	-	-	-
Total	2,458.71	1,713.25	2,130.65

No trade receivables are due from directors or other officers of the Company, either severally or jointly with any other person, nor any trade and other receivables are due from firms or private companies respectively in which any directors is a partner, a director or a member.

The Company's exposure to credit and currency risk and loss allowances related to trade receivables are disclosed in note 36 A & 36 C

NOTE 11: CASH AND CASH EQUIVALENTS

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Balances with banks			
- in current accounts	57.05	47.18	37.78
Deposits with maturity of less than three months	236.08	336.61	2.14
Cash in hand	6.70	19.14	6.01
Total	299.83	402.93	45.93

NOTE 12: OTHER BANK BALANCES

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Fixed deposits (having original maturity of more than three months but less than twelve months)	185.90	597.21	24.65
Total	185.90	597.21	24.65

NOTE 13 : CURRENT TAX ASSETS (NET)

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Advance income tax (Net of Provisions)	-	110.08	-
Total	-	110.08	-

NOTE 14: OTHER CURRENT ASSETS

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Advances other than capital advances			
Unsecured, considered good:			
Prepaid Expenses	10.92	6.80	4.97
Advances & other recoverables	944.24	713.75	288.16
Advance to subsidiary	-	44.97	67.27
Sub-Total	955.16	765.52	360.40
Recoverable from statutory and government authorities			
Unsecured, considered good:			
Electricity duty receivable	23.11	23.11	18.86
PSI incentive & export subsidy receivable	626.45	439.11	292.74
VAT & Sales tax receivable	47.47	12.48	23.12
Unsecured, considered doubtful	17.21	17.21	17.21
Less: Provision for doubtful advances	(17.21)	(17.21)	(17.21)
Sub-Total	697.03	474.69	334.72
Unsecured, considered good:			

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 14: OTHER CURRENT ASSETS (Contd.)

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	1 April 2016
Deposits	-	3.29	2.53
Interest receivables	-	4.51	0.77
Others	-	1.21	4.33
Sub-Total	-	9.01	7.63
Grand Total	1,652.19	1,249.22	702.75

EQUITY SHARE CAPITAL AND OTHER EQUITY

NOTE 15: EQUITY SHARE CAPITAL

Authorised equity share capital

(All figures are in ₹ million unless otherwise stated)

Particulars	Number of shares	Face Value (₹)	Amount
As at 1 April, 2016	100,000,000	10	1,000.00
Change during the year	-	-	-
As at 31 March, 2017	100,000,000	10	1,000.00
Change during the year	-	-	-
As at 31 March, 2018	100,000,000	10	1,000.00

(i) Issued, subscribed and fully paid up share capital

(All figures are in ₹ million unless otherwise stated)

Particulars	Number of shares	Face Value (₹)	Amount
As at 1 April, 2016*	70,188,887	10.00	701.89
Issued during the year	13,698,695	10.00	136.99
As at 31 March, 2017	83,887,582	10.00	838.88
Issued during the year	-	-	-
As at 31 March, 2018	83,887,582	10.00	838.88

* excluding shares issued to ESOP trust

Terms and rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

(ii) Details of shareholders holding more than 5% shares in the Company

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018		31 March, 2017		01 April, 2016	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Mr. Devendra Prakash Shah	15,006,400	17.89%	14,570,832	17.37%	14,570,832	20.76%
Mr. Pritam Prakash Shah	9,159,888	10.92%	9,159,888	10.92%	9,159,888	13.05%
Mrs. Netra Pritam Shah	8,867,027	10.57%	8,268,149	9.85%	10,272,782	14.63%
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	5,074,234	6.05%	5,074,234	6.05%	14,134,162	20.13%
India Business Excellence Fund	-	-	442,511	0.53%	4,359,749	6.21%

As per records of the company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. The above percentage have been computed after excluding 227,000 nos of equity shares issued to ESOP Trust.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 15: EQUITY SHARE CAPITAL (Contd.)

(iii) Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash, by way of conversion of compulsorily convertible debentures	-	-	12,084,385	-	-
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium and surplus balance.	-	-	42,135,038	-	-

NOTE 16: OTHER EQUITY

(All figures are in ₹ million unless otherwise stated)

Particulars	Notes	31 March 2018	31 March, 2017	01 April, 2016
Securities Premium Reserve	(a)	4,435.61	4,379.50	1,647.18
General Reserve	(b)	51.56	27.39	20.00
Debeture redemption reserve	(c)	-	22.50	18.00
Retained Earnings	(d)	1,844.26	1,110.08	1,132.21
Employee Stock Options Outstanding	(e)	7.70	9.37	9.60
Other Comprehensive Income		(10.11)	(7.08)	(0.08)
Total		6,329.02	5,541.76	2,826.91

Movement in Reserves

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March 2018	31 March, 2017
Securities Premium Reserve		
Opening Balance	4,379.50	1,647.18
Add: Securities premium credited on share issue	-	2,863.01
Less: Securities premium debited on IPO expense	56.11	(130.69)
Closing Balance	4,435.61	4,379.50
General Reserves		
Opening Balance	27.39	20.00
Add: Transfer from Surplus	-	7.39
Add: Transfer from Employee Stock Options Outstanding	1.67	-
Add: Transfer from Debenture redemption reserve	22.50	-
Closing Balance	51.56	27.39
Debeture redemption reserve		
Opening Balance	22.50	18.00
Transfer from Surplus	-	4.50
Less: Transfer to General Reserve	(22.50)	-
Closing Balance	-	22.50
Retained earnings		
Opening Balance	1,110.08	1,132.21
Add: Net profit for the year	784.80	(17.63)
Less: Bonus share issued	-	-

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 16: OTHER EQUITY (Contd.)

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March 2018	31 March, 2017
Less: Transfer to debenture redemption reserve	-	(4.50)
Less: Dividends	(42.06)	-
Less: Dividend distribution tax	(8.56)	-
Closing Balance	1,844.26	1,110.08
Employee Stock Options Outstanding		
Opening Balance	9.37	9.60
Add: Deferred Employee Compensation Expense	-	(0.23)
Less: Transfer to General reserve	(1.67)	-
Closing Balance	7.70	9.37
Other Comprehensive Income		
Opening Balance	(7.08)	(0.08)
Add: For the year	(3.03)	(7.00)
Closing Balance	(10.11)	(7.08)
Closing balance	6,329.02	5,541.76

- Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.
- General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc
- Debenture redemption reserve represents reserve created out of profit / retained earnings at specified value of debentures to be redeemed. The Company has transferred the balance to general reserve as the debentures have been redeemed during the year.
- Retained earnings represents surplus/ accumulated earnings of the Company and are available for distribution to shareholders.
- The shares option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employee Stock Grant Scheme which are unvested as on the reporting date and is net of the deferred employee compensation expense.

Distribution made and proposed to be made

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March 2018	31 March, 2017
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on 31 March, 2017: ₹ 0.50 per share (March 31, 2016 : Nil)	42.06	-
DDT on final dividend	8.56	-
Proposed dividend on equity shares :		
Final equity dividend		
For the year ended on 31 March, 2018: ₹ 0.75 per share (31 March, 2017 : ₹ 0.50 per share)	62.92	42.06
DDT on proposed dividend	12.93	8.56

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) for the year ended March 31 2018.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 17: BORROWINGS - NON-CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Secured			
Term loans			
From banks			
Rupee Currency Loan	164.12	64.53	180.64
Foreign currency loan	461.50	616.66	791.36
Vehicle Loan	0.43	1.58	2.63
From Other Parties			
Vehicle Loan	9.10	20.30	27.52
Unsecured			
0% Non-Convertible Debentures (payable to promoter)	-	-	180.00
Total	635.15	703.07	1,182.15

Indian rupee loans from a bank of ₹ 164.12 million (31 March, 2017 : ₹ 64.53 million, April 01, 2016 : ₹ 180.64 million) carry interest @ 10.50%-13.00%. The loans are repayable in 38-59 monthly instalments starting from Feb 2013, November 2013 and March 2018 along with interest. The loan is secured by pari passu charge on fixed assets and second pari passu charge on current assets of the Company and personal guarantee of Promoter Directors.

Foreign currency loan from a financial institution of ₹ 461.50 million (31 March, 2017 : ₹ 616.66 million, April 01, 2016 : ₹ 791.36 million) carries interest @ 5.15%-5.92%. The loans are repayable in 12 semi annual instalments along with interest starting from June, 2016. The loan is secured by first pari passu charge on movable and immovable fixed property of the Company and second pari passu charge of entire current assets of the Company along with other banks and personal guarantees of Directors and their relatives.

Hire purchase loan from banks of ₹ 0.43 million (31 March, 2017 : ₹ 1.58 million, April 01, 2016 : ₹ 2.63 million) carries interest @ 9.38% to 11.24 % p.a. The loans are repayable in 36 to 60 monthly instalments starting from the respective date of finance. The loan is secured by specific assets financed (vehicle).

Indian rupee loans from financial institutions of ₹ 9.10 million (31 March, 2017 : ₹ 20.30 million, April 01, 2016 : ₹ 27.52 represents loan secured by hypothecation of equipments and vehicles. The loans are repayable over 36 - 78 instalments and carry interest in the range of 9.75 - 12.98%.

The Company had made an issue of 18,000,000 Nos of Non Convertible Debentures of nominal value of ₹ 10 each aggregating ₹ 180.00 million at 0% interest to the Promoters. The life of such debentures is 10 years from the issue date, i.e., March 2013 or any time to be redeemed on demand after the Company's IPO. During the year 2017-18, all debenture have been redeemed based on demand made by promoters.

NOTE 18: PROVISIONS - NON-CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Provision for compensated absences	12.22	8.44	5.71
Provision for gratuity (net) (Refer note No. 39)	22.00	6.14	-
Total	34.22	14.58	5.71

NOTE 18: PROVISIONS

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Provision for compensated absences	3.16	3.77	1.10
Provision for gratuity (net) (Refer note No. 39)	10.32	11.33	2.48
Total	13.48	15.10	3.58

NOTE 19: OTHER NON-CURRENT LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Deposit from customer	58.20	120.00	120.00
Total	58.20	120.00	120.00

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 20: BORROWINGS - CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Secured			
Loans repayable on demand			
From banks- Cash Credit	2,001.48	1,440.88	2,357.01
Total	2,001.48	1,440.88	2,357.01

Note:

Cash credit from banks is secured by first pari passu charge on all current assets of the Company and second pari passu charge on fixed assets of the Company, personal guarantee of Promoter Directors. The cash credit is repayable on demand and carries interest @ 12.40% p.a. to 15.00% p.a.

NOTE 21: TRADE PAYABLES - CURRENT (Also refer Note 36B & 36C)

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Current			
Due to micro and small enterprises (refer note 45)	18.91	24.76	42.43
Others	2,893.65	3,033.49	1,578.75
Total	2,912.56	3,058.25	1,621.18

NOTE 22: OTHER CURRENT FINANCIAL LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Current maturities of long-term debt (refer note 17)*	274.90	464.37	295.65
Interest accrued on borrowings	15.06	16.99	23.81
Deposits	160.10	73.83	60.78
Employee related Liabilities	53.31	65.62	60.01
Creditor for Capital Goods	201.69	83.48	85.97
Finance Guarantee Obligation	-	5.20	24.03
Directors remuneration payable	10.12	3.89	1.22
Total	715.18	713.38	551.47

* includes NCD issued to promoters (refer note 43)

NOTE 23: OTHER CURRENT LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Statutory tax payables	56.30	212.34	45.05
Advances from customers	43.11	272.34	164.91
Total	99.41	484.68	209.96

NOTE 24: CURRENT TAX LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Current Tax Liability (Net of advance)	41.84	-	38.14
Total	41.84	-	38.14

NOTE 25 : REVENUE FROM OPERATIONS

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Sale of products	18,657.96	16,531.89
Other operating revenue	523.22	478.96
Total	19,181.18	17,010.85

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 26: OTHER INCOME

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Interest income		
Bank Deposits	36.24	59.98
Others	0.73	-
Exchange Fluctuation (Net)	-	5.52
Profit on sale of Property, Plant and Equipments	-	0.04
Recoupment of Financial Guarantee Contract	5.20	18.83
Interest Income on Security Deposit	0.34	0.21
Miscellaneous Income	13.79	1.70
Total	56.30	86.28

NOTE 27 : COST OF MATERIALS CONSUMED

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
(a) Raw material consumed		
Inventory at the beginning of the year	33.98	28.97
Add: Purchases	11,693.34	12,320.33
	11,727.32	12,349.30
Less: Inventory at the end of the year	(21.24)	(33.98)
	11,706.08	12,315.32
(b) Packing material, stores spares & consumables consumed		
Inventory at the beginning of the year	173.20	172.73
Add: Purchases	1,267.41	1,039.06
	1,440.61	1,211.79
Less: Inventory at the end of the year	(226.60)	(173.20)
	1,214.01	1,038.59
Total	12,920.09	13,353.91

NOTE 28 : PURCHASE OF STOCK IN TRADE

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Milk products	688.18	734.41
Total	688.18	734.41

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 29: CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Inventories at the beginning of the year		
Finished goods- Milk Products	2,049.95	1,137.57
Work-in progress- Milk Products	2,010.08	1,371.23
	4,060.03	2,508.80
Inventories at the end of the year		
Finished goods-Milk Products	1,839.77	2,049.95
Work-in progress-Milk Products	2,212.34	2,010.08
	4,052.11	4,060.03
(Increase)/decrease in inventories of work-in-progress and finished goods	7.92	(1,551.23)

NOTE 30: EMPLOYEE BENEFIT EXPENSES

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Salaries and wages	581.85	539.67
Contributions to provident and other funds	31.25	24.24
Gratuity	11.22	4.43
Staff welfare expenses	39.07	37.79
Expenses on Employees Stock Options Scheme	-	7.17
Total	663.39	613.30

NOTE 31: FINANCE COSTS

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Interest on debts and borrowings	301.02	278.85
Interest others	50.40	10.70
Total	351.42	289.55

NOTE 32: DEPRECIATION AND AMORTISATION EXPENSES

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Depreciation of property, plant and equipment	477.74	471.11
Amortisation of intangible assets	9.82	1.52
Total	487.56	472.63

NOTE 33: OTHER EXPENSES

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Transport, octroi & freight	46.69	40.33
Power and fuel	496.56	461.44
Rent, rates & taxes	226.63	291.47
Insurance	13.52	12.93
Repairs to Plant and machinery	65.51	115.56
Repairs to Building	9.88	11.92
Repairs to Others	29.42	30.49
Other factory expenses	95.47	103.29
Labour charges	210.56	162.94
Office Expense	16.95	23.53
Exchange fluctuation (net)	10.83	-

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 33: OTHER EXPENSES (Contd.)

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Security charges	16.79	17.58
Travelling & conveyance	61.56	67.59
Communication costs	10.60	11.03
Printing and stationery	4.13	5.48
Legal & professional fees *	94.06	34.53
Director's remuneration	48.00	41.70
Auditor's remuneration [refer note 33(a)]	4.31	4.15
Advertisements and marketing expenses	123.70	251.62
Sales promotion expenses	389.46	260.70
Commission on sales	57.76	53.83
Agency charges for export	7.70	9.26
Carriage outward	715.16	716.36
Bad debts [adjusted with provision for bad debts ₹ Nil (31 March, 2017: ₹ 11.24 million)]	-	-
Provision for doubtful debts	160.00	288.78
Loss on sale of assets	-	0.18
Donations	1.11	0.78
CSR expenses [refer note 48]	8.05	12.38
Miscellaneous expenses	118.28	55.14
Total	3,042.69	3,084.98

* Includes consultancy fee paid to director ₹ 9.80 million (31 March, 2017: ₹ 9.61 million)

Note 33(a): Details of payments to auditors

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Payment to auditors		
As auditor:		
Audit fee	4.18	4.08
Re-imbursement of expenses	0.13	0.07
Total	4.31	4.15

NOTE 34: INCOME TAX

- (a) The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:
For the year ended 31 March, 2018

(All figures are in ₹ million unless otherwise stated)

	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity / Balance-Sheet	Net balance March 31, 2018
Deferred tax liabilities					
Property, plant and equipment & Intangible assets	210.86	86.00	-	-	296.86
Others	12.08	2.41	-	-	14.49
Sub-Total	222.94	88.41	-	-	311.35
Deferred tax assets					
Expected credit loss on financial assets	229.17	49.41	-	-	278.58
Expenses allowed on payment basis u/s 43B	14.14	0.77	1.60	-	16.51
Sub-Total	243.31	50.18	1.60	-	295.09
Minimum Alternate Tax (MAT) credit					
Recognised	63.26	26.04	-	-	89.30
Sub-Total	63.26	26.04	-	-	89.30
Net Deferred tax (assets)/Liabilities	83.63	(12.19)	1.60	-	73.04

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 34: INCOME TAX (Contd.)

For the year ended 31 March, 2017

(All figures are in ₹ million unless otherwise stated)

	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity / Balance-Sheet	Net balance March 31, 2017
Deferred tax liabilities					
Property, plant and equipment & Intangible assets	208.07	2.79			210.86
Others	6.73	5.35			12.00
Sub-Total	214.80	8.14	-	-	222.94
Expected credit loss on financial assets	133.12	96.05			229.17
Expenses allowed on payment basis u/s 43B	6.82	3.61	3.71		14.14
Sub-Total	139.94	99.66	3.71	-	243.31
Minimum Alternate Tax (MAT) credit					
Recognised	62.79	10.77	-	(10.30)	63.26
Sub-Total	62.79	10.77	-	(10.30)	63.26
Net Deferred tax (assets)/Liabilities	(12.07)	102.29	3.71	(10.30)	83.63

(b) Income tax expense

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended 31 March, 2018	For the year Ended 31 March, 2017
Income tax expense		
Current tax		
Current tax on profits for the year	276.72	34.42
Adjustments for current tax of earlier periods	2.52	(8.74)
Total	279.24	25.68
Deferred tax		
Deferred tax change/(credit)	38.23	(91.52)
MAT Credit entitlement	(26.04)	(10.77)
Total	12.19	(102.29)
Income tax expense	291.43	(76.61)

(c) Reconciliation of effective tax rate

(All figures are in ₹ million unless otherwise stated)

Particulars	2017-2018	2016-2017
Profit before income tax expense	1,076.23	(94.26)
Indian statutory income tax rate	34.61%	34.61%
Expected income tax expense	372.46	(32.62)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of non deductible expenses	3.17	51.61
"Effect of additional allowances for tax purpose (deduction under section 32AC)"	-	(24.45)
Effect of tax exempt income (exemption under section 80IB)	(110.38)	(67.18)
Effect of tax adjustment in respect of earlier years	2.52	(8.74)
Effect of tax deduction (under section 80G)	-	(1.99)
Effect of income charged at lower rate of tax	-	(1.04)
Others	23.66	7.80
Income tax expense	291.43	(76.61)
Effective tax rate	27.08%	81.27%

(d) Amounts recognised in Other comprehensive income

(All figures are in ₹ million unless otherwise stated)

Particulars	2017-2018			2016-2017		
	Before tax	Tax exp. (benefit)	Net of tax	Before tax	Tax exp. (benefit)	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	(4.63)	1.60	(3.03)	(10.71)	3.71	(7.00)

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 35: FAIR VALUE MEASUREMENTS

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

B. Measurement of fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

C. Fair Value Hierarchy

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Financial Assets and Liabilities	Carrying value			Measurement	Fair value hierarchy & Fair Value Chart			Fair Value		
	31-Mar-18	31-Mar-17	01-Apr-16		31-Mar-18	31-Mar-17	01-Apr-16	31-Mar-18	31-Mar-17	01-Apr-16
Financial Assets										
Investments - mutual fund	4.92	-	-	Fair Value through Profit and Loss	Level 1	-	-	4.92	-	-
Investments - Others	0.13	0.06	0.06	Fair Value through Profit and Loss	Level 3	Level 3	Level 3	0.13	0.06	0.06
Trade receivable	2,458.71	1,713.25	2,130.65	Amortised cost	Level 3	Level 3	Level 3	2,458.71	1,713.25	2,130.65
Cash and Cash equivalents	299.83	402.93	45.93	Amortised cost	Level 3	Level 3	Level 3	299.83	402.93	45.93
Other Bank Balance	185.90	597.21	24.65	Amortised cost	Level 3	Level 3	Level 3	185.90	597.21	24.65
Other Financial Assets	95.47	131.69	91.28	Amortised cost	Level 3	Level 3	Level 3	95.47	131.69	91.28
Total	3,044.97	2,845.13	2,292.59					3,044.97	2,845.13	2,292.59
Financial Liabilities										
Borrowings - non-current	635.15	703.07	1,182.15	Amortised cost	Level 3	Level 3	Level 3	635.15	703.07	1,182.15
Borrowings - current	2,001.48	1,440.88	2,357.01	Amortised cost	Level 3	Level 3	Level 3	2,001.48	1,440.88	2,357.01
Trade Payables	2,912.56	3,058.25	1,621.18	Amortised cost	Level 3	Level 3	Level 3	2,912.56	3,058.25	1,621.18
Other Financial Liabilities	715.18	713.38	551.47	Amortised cost	Level 3	Level 3	Level 3	715.18	713.38	551.47
Total	6,264.36	5,915.58	5,711.82					6,264.36	5,915.58	5,711.82

NOTE 36: FINANCIAL RISK MANAGEMENT

Risk management framework

The Company has in place a mechanism to inform the Board about the risk assessment and minimisation procedures and periodical review to ensure that management controls risk through means of a properly defined framework. The Company has formulated and

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 36: FINANCIAL RISK MANAGEMENT (Contd.)

adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Company. The Company's audit committee also oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

This note explains the sources of risk to which the Company is exposed to and how the entity manages the risk.

(A) Credit risk

Trade and Other receivables

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customers. Outstanding customers are regularly monitored.

On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company computes the expected credit loss allowance as per simplified approach for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer and the Company's historical experience for customers. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is based on the ageing of the receivable days and the rates as given in the provision matrix.

The movement in the loss allowance in respect of trade receivables is as follows

Loss allowance on trade receivables	Amount in ₹ (million)
Balance as at 1 April, 2016	367.42
Less: Utilised during the year	(11.24)
Add: Provision during the year	288.78
Balance as at 31 March, 2017	644.96
Add: Provision during the year	160.00
Balance as at 31 March, 2018	804.96

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft/ cash credit facility. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities. The Company has access to a sufficient sources of short term funding with existing lenders that could be arrange upon should there be need.

(i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

(All figures are in ₹ million unless otherwise stated)

Contractual maturities of financial liabilities 31 March, 2018	Carrying Value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current	635.15	-	231.44	462.82	694.26
Borrowings - current	2,001.48	2,001.48	-	-	2,001.48
Trade payables	2,912.56	2,912.56	-	-	2,912.56
Other financial liabilities	715.18	715.18	-	-	715.18
Total non-derivative liabilities	6,264.37	5,629.22	231.44	462.82	6,323.48

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 36: FINANCIAL RISK MANAGEMENT (Contd.)

(All figures are in ₹ million unless otherwise stated)

Contractual maturities of financial liabilities 31 March, 2017	Carrying Value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current	703.07	-	241.33	498.17	739.50
Borrowings - current	1440.88	1,440.88	-	-	1,440.88
Trade payables	3058.25	3,058.25	-	-	3,058.25
Other financial liabilities	713.38	713.38	-	-	713.38
Total non-derivative liabilities	5,915.58	5,212.51	241.33	498.17	5,952.01

(All figures are in ₹ million unless otherwise stated)

Contractual maturities of financial liabilities 1 April, 2016	Carrying Value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current	1,182.15	-	495.26	759.98	1,255.24
Borrowings - current	2,357.01	2,357.01	-	-	2,357.01
Trade payables	1,621.18	1,621.18	-	-	1,621.18
Other financial liabilities	551.47	551.47	-	-	551.47
Total non-derivative liabilities	5,711.81	4,529.66	495.26	759.98	5,784.90

(C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(i) Foreign currency risk

The Company is subject to risk of changes in foreign currency values that impact costs of imported raw material and import of equipment for expansion of plants, primarily with respect to USD and EURO. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations.

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on 31 March, 2018, 31 March, 2017 and 1st April 2016.

(a) The Company unhedged exposure to foreign currency risk at the end of the reporting period are as follows

(All figures are in ₹ million unless otherwise stated)

Sr no	Particulars	Currency	31 March, 2018		31 March, 2017		1 April 2016	
			₹	Foreign currency	₹	Foreign currency	₹	Foreign currency
A	Financial assets							
	(i) Trade receivables	USD	74.36	1.15	1.01	0.02	19.65	0.30
B	Financial liabilities							
	(i) Foreign currency loan							
	Loan	USD	628.76	9.67	783.47	12.08	961.83	14.50
	Interest Payable	USD	12.69	0.20	13.19	0.20	15.24	0.23
	(ii) Trade payables							
		USD	0.47	0.01	80.97	1.25	-	-
		EURO	19.82	0.25	13.89	0.20	2.88	0.04
		GBP	-	-	0.01	0.01	0.01	0.01
		AUD	4.62	0.09	-	-	-	-
		CHF	0.38	0.01	0.08	0.01	-	-

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 36: FINANCIAL RISK MANAGEMENT (Contd.)

(b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
Mar-18				
Effect in ₹				
1 % movement				
USD	5.68	(5.68)	5.68	(5.68)
EUR	0.20	(0.20)	0.20	(0.20)
GBP	-	-	-	-
CHF	-	-	-	-
AUD	0.05	(0.05)	0.05	(0.05)
Mar-17				
Effect in ₹				
1 % movement				
USD	8.77	(8.77)	8.77	(8.77)
EUR	0.14	(0.14)	0.14	(0.14)
GBP	0.00	(0.00)	0.00	(0.00)
CHF	0.00	(0.00)	0.00	(0.00)

NOTE 37: FINANCIAL RISK MANAGEMENT

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The company's borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
	Nominal amount	Nominal amount	Nominal amount
Variable rate borrowings	2901.36	2,575.19	3,791.92
Fixed rate borrowings	10.17	33.13	42.89
Total borrowings	2,911.53	2,608.32	3,834.81

(b) Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Impact on profit / (loss) - Increase / (Decrease) in profit	
	31 March, 2018	31 March, 2017
Interest rates – increase by 100 basis points *	(29.01)	(25.75)
Interest rates – decrease by 100 basis points *	29.01	25.75

* Holding all other variables constant

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 38: CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust its dividend payment ratio to shareholders, return capital to shareholders or issue fresh shares.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Company's adjusted net debt to equity ratio are as follows.

Particulars	31 March, 2018	31 March, 2017	01 April, 2016
Borrowings			
Long term and Short term borrowings	2,636.63	2,143.95	3,539.16
Current maturities of Long term borrowings	274.90	464.37	295.65
Less: Cash and cash equivalents	(299.83)	(402.93)	(45.93)
Adjusted net debt	2,611.70	2,205.39	3,788.88
Total Equity	7,167.90	6,380.64	3,528.80
Adjusted net debt to equity ratio	0.36	0.35	1.07

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

NOTE 39: EMPLOYEE BENEFITS

A. Defined Benefit Plan- Gratuity

The Company operates a defined benefit gratuity plan, which is governed by the Payment of Gratuity Act, 1972. The plan entitles an employee who has completed at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the last drawn wage by the employee concerned.

The defined benefit gratuity plan is administered by a Trust that is legally separate from the Company. The gratuity plan is a funded plan, managed by Life Insurance Company ("LIC") and the Company's makes annual contributions to Group Gratuity cum Life Assurance Scheme managed by LIC.

The most recent actuarial valuation of the defined benefit obligation was carried out as at 31 March, 2018. The present value of the defined benefit obligations and the related current service cost and past service costs were measured using Projected Unit Credit Method.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based in government bonds. If bond yield fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 39: EMPLOYEE BENEFITS (Contd.)

Based on the actuarial valuation obtained in this respect, the table below sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the balance sheet date.

	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Defined benefit plans		
I Expenses recognised in statement of profit and loss during the year:		
Current Service Cost	7.64	4.26
Past Service Cost	2.37	-
Expected return on plan assets	(1.17)	(1.17)
Interest cost on benefit obligation	2.38	1.34
Total Expenses	11.22	4.43
II Expenses recognised in OCI		
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(1.20)	2.03
Actuarial (Gain)/ Losses due to Experience on DBO	6.27	7.51
Return on Plan Assets (Greater) / Less than Discount rate	(0.44)	1.17
Total Expenses	4.63	10.71
III Net Asset /(Liability) recognised as at balance sheet date:		
Present value of defined benefit obligation	(49.68)	(34.34)
Fair Value of Plan Assets	17.36	16.87
Funded status [Surplus/(Deficit)]	(32.32)	(17.47)
IV Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	34.34	19.34
Current Service Cost	7.64	4.26
Past service cost	2.37	-
Interest Cost	2.38	1.34
Actuarial (Gain)/Loss	5.07	9.54
Benefits paid	(2.12)	(0.14)
Present value of defined benefit obligation at the end of the year	49.68	34.34
V Movements in fair value of the plan assets		
Opening fair value of plan assets	16.87	16.87
Expected returns on Plan Assets	1.17	1.17
Actuarial (Gain)/Loss on Plan assets	0.44	(1.17)
Contribution from Employer	1.00	0.14
Benefits paid	(2.12)	(0.14)
Closing fair value of the plan asset	17.36	16.87
VI Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	9.83	5.26
Between 1 and 5 years	26.19	14.67
Between 5 and 10 years	13.65	9.34
Over 10 years	-	5.07
VII Quantitative sensitivity analysis for significant assumptions is as below:		
1 Increase/(decrease) on present value of defined benefit obligation at the end of the year		
(i) +100 basis points increase in discount rate	(2.24)	(2.12)
(ii) -100 basis points decrease in discount rate	2.46	2.20
(iii) +100 basis points increase in rate of salary increase	2.44	1.86
(iv) -100 basis points decrease in rate of salary increase	(2.28)	(1.85)
2 Sensitivity analysis method		
Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.		

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 39: EMPLOYEE BENEFITS (Contd.)

Actuarial Assumptions:	As at 31 March, 2018	As at 31 March, 2017
Discount rate	7.45%	6.95%
Expected return on assets	7.45%	6.95%
Expected rate of salary increase	6.00% p.a	6.00% p.a
Withdrawal rate	14.00%	14.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Notes:

- The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.
- The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The gratuity fund is managed by life insurance company, details of fund invested by insurer are not available with company.
- The Company expects to make a contribution of ₹ 9.83 million to the defined benefit plans (gratuity - funded) during the next financial year.
- The average duration of the defined benefit plan obligation at the end of the reporting period is 6.59 years.

B. Defined contribution plan- Provident Fund/Employee State Insurance

The Company has recognised an amount of ₹ 31.25 million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Benefit/Contribution to	As at 31 March, 2018	As at 31 March, 2017
Provident Fund	26.91	21.73
National Pension Scheme	0.97	0.50
Employees State Insurance	3.34	1.98
Labour Welfare Fund	0.03	0.03
Total	31.25	24.24

NOTE 40: GOVERNMENT GRANTS

In accordance with Ind AS 20- "Accounting for Government Grants and disclosure of Government assistance", Company has accounted for Industrial Promotion Subsidy under Package Scheme of Incentives, 2013 amounting to ₹ 184.83 million (31 March, 2017: ₹ 310.03 million) as Other Operating Income in Statement of Profit and Loss. The Company has also made duty free imports resulting in custom duty saving amounting to ₹ 17.07 million (31 March, 2017: 17.08 million), under Advance License Scheme. There is an export commitment, as disclosed under Note 41 f.

NOTE 41: CONTINGENT LIABILITIES

(All figures are in ₹ million, unless otherwise stated)

Sr no	Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
a)	Guarantees given by banks on behalf of the Company	5.62	50.10	9.72
b)	Sales tax matter under litigation in respect of Company for FY.2006-07, FY 2009-10 and F.Y. 2010-11 for pending forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	76.32	67.35	83.32
c)	Claim against the Company not acknowledge as debt in relation to claim made by France International Trade, Rennes, vide Special Civil Suit No. 692/2012 dated 07 March, 2012 in the Court of Honourable Civil Judge, Senior Division, Pune for damaged goods supplied by the Company. The amount includes interest of ₹ 20.37 million	70.68	70.68	70.68

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 41: CONTINGENT LIABILITIES (Contd.)

(All figures are in ₹ million, unless otherwise stated)

Sr no	Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
d)	Income tax matter under litigation for the AY 2012-13 to AY 2016-17.	282.12	135.33	56.55
f)	Duty Liability under advance license scheme	12.91	135.68	62.75

- The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any, for ongoing issues where no claims have been made against the Company.
- Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

NOTE 42: COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period net of capital advance amounting ₹ 146.64(₹ 288.52 million as on March 31, 2017 and 160.9 million as on April 1, 2016) but not recognised as liabilities.

(b) Other commitments

For commitments in respect of non-cancellable lease refer note 44

NOTE 43: RELATED PARTY DISCLOSURES

Details of related parties:

Description of relationship	Name of the related party
A) Enterprise where company exercise control	
Subsidiary	Bhagyalaxmi Dairy Farms Private Limited
B) Other Related Parties	
Key Management Personnel (KMP)	Mr. Devendra Shah – Chairman
Key Management Personnel (KMP)	Mr. Pritam Shah – Director
Key Management Personnel (KMP)	Mr. Vimal Agarwal - CFO (w.e.f. Dec 21, 2017)
Key Management Personnel (KMP)	Mr. Bharat Kedia – CFO (till July 11 2017)
Key Management Personnel (KMP)	Mr. Nitin R. Dhavalikar - Director
Key Management Personnel (KMP)	Mr. Radhika Pereira - Director
Key Management Personnel (KMP)	Mr. Narendra Ambwani - Director
Key Management Personnel (KMP)	Mr. Ramesh Chandak - Director
Key Management Personnel (KMP)	Mr. B. M. Vyas - Director
Key Management Personnel (KMP)	Mr. Sunil Goyal - Director
Relative of Key Management Personnel*	Late Mr. Parag Shah
Relative of Key Management Personnel*	Mr. Prakash Shah
Relative of Key Management Personnel*	Miss. Akshali Shah
Relative of Key Management Personnel*	Mrs. Priti Shah
Relative of Key Management Personnel*	Mrs. Netra Shah
Relative of Key Management Personnel*	Mrs. Prity Kedia (till July 11, 2017)
Entity in which KMP can exercise significant influence*	Bharat Trading Company
Entity in which KMP can exercise significant influence*	SBM Advisors LLP

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 43: RELATED PARTY DISCLOSURES (Contd.)

Details of related party transactions for the year ended on 31 March, 2018:

Particulars	2017-18	2016-17
Purchase of Goods		
Bhagalaxmi Dairy Farms Private Limited	364.78	168.95
Bharat Trading Company	13.53	10.12
Sale of Goods		
Bhagalaxmi Dairy Farms Private Limited	11.44	3.26
Commission income on corporate gurantee given		
Bhagalaxmi Dairy Farms Private Limited	-	9.00
Remuneration to Key Management Personnel and their relatives *		
Devendra Shah	24.00	21.00
Pritam Shah	24.00	20.70
Vimal Agarwal	2.76	-
Bharat kedia	6.34	8.94
Akshali Shah	2.66	1.86
Rent Payment		
Bhagalaxmi Dairy Farms Private Limited	6.60	6.60
Devendra Shah	3.39	3.39
Pritam Shah	0.45	0.45
Priti Shah	0.39	0.39
Netra Shah	0.39	0.39
Prity kedia	-	0.96
Interest expense		
Devendra Shah	1.43	-
Pritam Shah	7.08	-
Reimbursement of expenses KMP		
Devendra Shah	2.02	2.27
Pritam Shah	0.48	0.14
Director sitting fees		
Nitin R. Dhavalikar	1.10	1.00
Radhika Pereira	0.80	0.70
Narendra Ambwani	1.00	0.50
Ramesh Chandak	0.90	0.30
Consultancy fee		
B.M. Vyas	9.80	9.61
SBM Advisor LLP	2.83	-
Conversion income		
Bhagalaxmi Dairy Farms Private Limited	22.06	-
Advances received (Net)		
Bhagalaxmi Dairy Farms Private Limited	206.99	22.30
Repayment of NCD		
Devendra Shah	30.00	-
Pritam Shah	150.00	-
Loan taken		
Devendra Shah	30.00	-
Pritam Shah	150.00	-
Loan Paid to		
Devendra Shah	30.00	-
Pritam Shah	150.00	-
Corporate guarantee released	300.00	-

* The remuneration to the key managerial person comprises of only Short Form benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 43: RELATED PARTY DISCLOSURES (Contd.)

Details of balances outstanding at the year end

	(₹ in million)		
Particulars	As at 31 March, 2018	As at 31 March, 2017	As at April 01, 2016
Amount Payable to			
Devendra Shah	1.90	2.41	0.48
Pritam Shah	8.22	1.48	0.73
Bharat Trading Company	3.55	1.62	1.98
Non Convertible debenture			
Devendra Shah	-	30.00	30.00
Pritam Shah	-	150.00	150.00
Personal guarantee issued by			
Devendra Shah, Pritam Shah, Parag Shah, Prakash Shah, Netra Shah, and Priti Shah	5,215.86	4,792.88	4,679.52
Receivable/(Payable)			
Bhagalaxmi Dairy Farms Private Limited	(162.62)	44.97	67.27
Advance received from			
Bhagalaxmi Dairy Farms Private Limited	-	-	-
Corporate Guarantee issued to			
Bhagalaxmi Dairy Farms Private Limited	-	300.00	300.00

NOTE 44: OPERATING LEASES :

The company has entered into commercial leases for taking office spaces on lease. These leases have an average term of three to five years with renewal option and escalation clauses included in the agreements. There are no restrictions placed upon the Company by entering into these leases. The Company has not given any sub lease during the year. Some of the lease arrangements also include a non-cancellable period. Lease rental debited to Statement of Profit and Loss for the period is ₹ 156.11 million (31 March, 2017: ₹ 87.08 millions).

Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:

	(₹ in million)	
Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Lease rentals due		
Not later than one year	11.39	18.14
Later than one year and not later than five years	3.88	15.27
Later than five years	-	-

NOTE 45 : DISCLOSURE UNDER MICRO, SMALL, AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 :

	(₹ in million)	
Particulars	2017-2018	2016-2017
a) Principal amount due to suppliers under MSMED Act, 2006	17.92	22.42
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	0.99	2.34
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	43.43	167.54
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	0.99	2.34
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	0.99	2.34

Note: The above information is given to the extent available with the Company and relied upon by the auditor.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 46: EARNINGS PER SHARE

(₹ in million)		
Particulars	2017-2018	2016-2017
Profit/(Loss) attributable to Equity shareholders (₹ in million)(A)	784.80	(17.63)
Weighted average number of Equity shares for basic EPS (B)	83,887,582	82,359,563
Effect of Dilution :		
Weighted average number of Treasury shares held through ESOP Trust	227,000	227,000
Weighted average number of Equity shares adjusted for the effect of dilution	84,114,582	82,586,563
Basic EPS (Amount in ₹) (A/B)	9.36	(0.21)
Diluted EPS*(Amount in ₹) (A/C)	9.33	(0.21)

Basic: Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares held as treasury shares.

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.

NOTE 47: SEGMENT REPORTING

The Managing Director of the Company acts as the chief operating decision maker (CODM) of the Company in accordance with Operating Segment (AS 108), for purpose of assessing the financial performance and position of the Company, and make strategic decisions. The Company's business activities are mainly related to processing of milk and manufacturing of milk related products, which are primarily assessed as a single reportable operating segment in accordance with Ind AS 108 by the CODM. The information based on geographical areas in relation to revenue and non-current assets are as below:

(a) Revenue from operations

(₹ in million)		
Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Within India	18,584.75	16,442.63
Outside India	596.43	568.22
Total	19,181.18	17,010.85

(b) Non-current operating assets

All non –current assets other than financial instruments, deferred tax assets of the company are located in India

(c) The Company does not have revenues from transactions with a single external customer amount to 10 per cent or more of the total revenues.

NOTE 48: DISCLOSURE ON CSR EXPENSE

(₹ in million)		
Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
a) Gross amount required to be spent by the Company during the period.	7.69	7.99
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above		
In Cash	8.05	12.36
Yet To be Paid in Cash	-	0.02

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 49: EMPLOYEE STOCK OPTION SCHEME:

The Board of Directors constituted the equity settled Employee Stock Option Scheme ("ESOS 2015") vide its resolutions dated 27 February, 2015 and 21 April, 2015 for issue of 696,339 stock options to the key employees of the Company, which has been further approved in the Company's Extra ordinary General meeting dated 3 April, 2015 and 16 May, 2015.

Pursuant to the above scheme, the Board of Directors vide its circular resolution dated September 3, 2015, approved grant of 227,000 stock options to its employees on September 4, 2015.

According to ESOP 2015, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 years. The other relevant terms of the grant are as below

Vesting Period	1 years
Exercise Period	2 Years
Expected Life	3 Years
Exercise Price	₹ 250.00
Fair value using Black Scholes model on grant date	₹ 73.86
Date of grant	September 03, 2015

The details of activity under ESOS 2015 are summarised below:

(All figures are in ₹ million, unless otherwise stated)

Particulars	Year ended on 31 March, 2018		Year ended on 3 1 March, 2017	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	-	-	227,000	250
Granted during the year	-	-	-	-
Forfeited during the year	-	-	100,073	250
Exercised during the year	-	-	-	-
Exercisable/ Vested during the year	-	-	126,927	250
Outstanding at the end of the year	-	-	-	-

(All figures are in ₹ million, unless otherwise stated)

Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Dividend yield (%)	-	-
Expected volatility	41.71%	41.71%
Risk-free interest rate	7.54%	7.54%
Weighted average share price	250	250
Exercise price (₹)	250	250
Expected life of options granted in years	3	3
Life of option remaining in months	5	17

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome

Expenses Arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

(All figures are in ₹ million, unless otherwise stated)

Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Employee option Plans	-	7.17

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 50: STATEMENT OF IPO PROCEEDS

(All figures are in ₹ million, unless otherwise stated)

Particulars	Amount as per prospectus	Amount to be utilised
Gross proceeds of the fresh issue	3,000.00	3,000.00
Less: Fresh issue expenses	212.00	159.83
Net proceeds of the fresh issue	2,788.00	2,840.17

Particulars	Amount utilised up 31 March, 2018	Pending utilisation	Amount utilised up 31 March, 2017	Pending utilisation
Expansion and modernisation of Plant	1,153.27	323.74	730.48	746.53
Investment in subsidiary for financing the capital expenditure requirements in relation to expansion and modernisation of Bhagyalaxmi Dairy Farms	10.45	12.54	4.56	18.43
Partial repayment of working capital consortium loan	1,000.00	-	1,000.00	-
General corporate purposes	340.17	-	284.05	-
Total	2,503.89	336.28	2,019.09	764.96

NOTE 51: TRANSITION TO IND AS

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March, 2017, the Company had prepared its financial statements in accordance with Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). Detailed explanation on how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and cash flows is given as under.

Optional exemptions availed and mandatory exemptions

In preparing these financial statements the Company has applied the below mentioned optional exemptions and mandatory exemptions.

A Optional exemptions availed

1 Property, plant and equipment and intangible assets:

IND AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38.

Accordingly, the group has elected to measure all of its property, plant and equipment and intangible assets.

2 Investment in subsidiary

The Company has elected to measure investments in subsidiary as per the statement of financial position prepared in accordance with previous GAAP as a deemed cost at the date of transition as per exemption available under Ind AS 101.

Interest in the subsidiary through fair valuation of financial guarantees at initial recognition on transition date had been accounted as investments in accordance with Ind AS 109. The Company has accounted such fair valuation of financial guarantees on transition date to the retained earnings.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 51: TRANSITION TO IND AS (Contd.)

3 Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The Company has chosen to continue this option provided under para D13AA of Ind AS 101.

4 Employee stock option

Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2016 in accordance with the option provided under para D2 and D3 of Ind AS 101.

5 Fair Value Measurement of Financial assets of Financial Liabilities of Indian region

The Group has elected to apply the requirements of Ind AS 109 "Financial Instruments" relating to accounting of day one gains or losses prospectively to transactions occurring on or after the date of transition for the financial instruments where there is no active market as provided under para D20 of Ind AS 101. Accordingly, 0% Non-Convertible Debentures issued to promoters of the Company in earlier years, have not been fair valued as on transition date and continued at carrying value.

B Mandatory exceptions

1 Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as the same date made in conformity with previous GAAP, unless if those estimates were not required to be made under previous GAAP. :

2 Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financials Instruments, prospectively for transaction occurring on or after date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from the date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transaction was obtained at the time initially accounting for those transactions.

The Company has elected to apply the derecognition principal of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

3 Classification of financial assets:

As per the requirements of Ind AS 101 the Company has assessed classification of financial assets on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

NOTE 52: FIRST-TIME ADOPTION OF IND AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for comparable periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

I Reconciliation of equity as at date of transition (1 April, 2016)

(₹ in million)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		2,950.49	-	2,950.49
Capital Work in progress		232.67	-	232.67
Other intangible assets		2.43	-	2.43
Intangible assets under development		45.06	-	45.06
Investment in subsidiary	a	577.64	45.00	622.64
Financial assets				
Investments		0.06	-	0.06
Other financial assets		91.28	-	91.28
Other non-current assets		70.95	-	70.95
Total non-current assets		3,970.58	45.00	4,015.58

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 52: FIRST-TIME ADOPTION OF IND AS (Contd.)

(₹ in million)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
Current assets				
Inventories		2,710.51	-	2,710.51
Financial assets				
Trade receivables	b	2,330.65	(200.00)	2,130.65
Cash and cash equivalents		45.92	0.01	45.93
Other bank balances		24.65	-	24.65
Other financial assets		-	-	-
Other current assets	h & i	844.76	(142.01)	702.75
Total current assets		5,956.49	(342.00)	5,614.49
Total assets		9,927.07	(297.00)	9,630.07
EQUITY AND LIABILITIES				
Equity				
Equity share capital		704.16	(2.27)	701.89
Other equity	a to d, i & j	3,072.70	(245.79)	2,826.91
Total equity		3,776.86	(248.06)	3,528.80
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	c	1,192.64	(10.49)	1,182.15
Other financial liabilities		-	-	-
Provisions		5.71	-	5.71
Deferred tax liabilities (Net)	d	74.55	(62.48)	12.07
Other non-current liability		120.00	-	120.00
Total non-current liabilities		1,392.90	(72.97)	1,319.93
Current liabilities				
Financial liabilities				
Borrowings		2,357.01	-	2,357.01
Trade payables		1,621.18	-	1,621.18
Other financial liabilities	a	527.44	24.03	551.47
Other current liabilities		209.96	-	209.96
Provisions		3.58	-	3.58
Current tax liabilities (Net)		38.14	-	38.14
Total current liabilities		4,757.31	24.03	4,781.34
Total equity and liabilities		9,927.07	(297.00)	9,630.07

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

II Reconciliation of equity as at date March 31, 2017

(₹ in million)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		3,063.32	-	3,063.32
Capital Work in progress		164.25	-	164.25
Other intangible assets		4.22	-	4.22
Intangible assets under development		41.85	-	41.85
Investment in subsidiary	a	577.64	45.00	622.64
Financial assets				
Investments		0.06	-	0.06
Other financial assets	g	133.45	(1.76)	131.69
Deferred tax assets (Net)			83.63	83.63
Other non-current assets		479.02	-	479.02
Total non-current assets		4,463.81	126.87	4,590.68

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 52: FIRST-TIME ADOPTION OF IND AS (Contd.)

(₹ in million)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
Current assets				
Inventories		4,267.21	-	4,267.21
Financial assets				
Trade receivables	b	2,113.25	(400.00)	1,713.25
Cash and cash equivalents		402.92	0.01	402.93
Other bank balances		597.21	-	597.21
Other financial assets		-	-	-
Current tax Assets (Net)		110.08		110.08
Other current assets	h & i	1,304.28	(55.06)	1,249.22
Total current assets		8,794.95	(455.05)	8,339.90
Total assets		13,258.76	(328.18)	12,930.58
EQUITY AND LIABILITIES				
Equity				
Equity share capital		841.15	(2.27)	838.88
Other equity	a to d, i	5,819.97	(278.21)	5,541.76
Total equity		6,661.12	(280.48)	6,380.64
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	c	713.25	(10.18)	703.07
Other financial liabilities		-	-	-
Provisions		14.58	-	14.58
Deferred tax liabilities (Net)	d	42.72	(42.72)	-
Other non-current liabilities		120.00	-	120.00
Total non-current liabilities		890.55	(52.90)	837.65
Current liabilities				
Financial liabilities				
Borrowings		1,440.88	-	1,440.88
Trade payables		3,058.25	-	3,058.25
Other financial liabilities	a	708.18	5.20	713.38
Other current liabilities		484.68	-	484.68
Provisions		15.10	-	15.10
Current tax liabilities (Net)		-	-	-
Total current liabilities		5,707.09	5.20	5,712.29
Total equity and liabilities		13,258.76	(328.18)	12,930.58

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

III Reconciliation of total comprehensive income for the year ended 31 March, 2017

(₹ in million)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
Continuing operations				
Revenue from operations		17,010.85	-	17,010.85
Other income	a & g	67.25	19.03	86.28
Total income		17,078.10	19.03	17,097.13
Expenses				
Cost of materials consumed		13,353.91		13,353.91
Purchases of stock-in-trade		734.41		734.41
Change in inventories of work-in-progress and finished goods		(1,551.23)		(1,551.23)
Employee benefit expenses	e & f	616.83	(3.53)	613.30
Finance costs	c	289.24	0.31	289.55
Depreciation and amortisation expense		472.63		472.63
Other expenses	b & h	2,884.72	200.26	3,084.98
Total expenses		16,800.51	197.04	16,997.55

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 52: FIRST-TIME ADOPTION OF IND AS (Contd.)

(₹ in million)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
Profit before exceptional items and tax		277.58	(178.00)	99.58
Exceptional items		(193.84)	-	(193.84)
Profit/(Loss) before tax		83.74	(178.00)	(94.26)
Income tax expense				
Current tax		25.66	-	25.66
Deferred tax	d	(42.12)	(60.17)	(102.29)
Total tax expense		(16.46)	(60.17)	(76.63)
Profit for the year		100.20	(117.83)	(17.63)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of Defined Benefit scheme	f	-	(10.71)	(10.71)
Income tax relating to items that will not be reclassified to profit or loss	d	0.00	3.71	3.71
Total Other comprehensive income		0.00	(7.00)	(7.00)
Total comprehensive income		100.20	(124.83)	(24.63)

IV Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March, 2017

(₹ in million)

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities		574.59	(827.37)	(252.78)
Net cash flow from investing activities		(1,433.91)	566.54	(867.37)
Net cash flow from financing activities		1,216.30	260.85	1,477.15
Net increase/(decrease) in cash and cash equivalents		356.98	0.02	357.00
Cash and cash equivalents as at 1 April, 2016		45.93	-	45.93
Effects of exchange rate changes on cash and cash equivalents				
Cash and cash equivalents as at 31 March, 2017		402.91	0.02	402.93

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

Notes to reconciliation

a. Financial Guarantees contract:

Under Ind AS, the Company has recognised fair value of financial guarantee provided to its subsidiary company. The fair value of such guarantee as at April 01, 2016 has been recognised as additional capital investment in its subsidiary Company and is amortised over tenure of the guarantee. The impact of amortisation of such fair value of guarantee has been recognised in the statement of profit and loss as interest income for the year ended 31 March, 2017. Under I-GAAP financial guarantee given was disclosed as contingent liabilities.

b. Trade receivable: ECL provision

Under Indian GAAP, the Company has created provision for impairment of receivables which consists only in respect of specific amount for probable losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to ECL model, the Company impaired its trade receivable by ₹ 130.78 million (net of related deferred tax) on April 1, 2016 which has been eliminated against other equity and ₹ 130.78 million (net of deferred tax) during the year ended 31 March, 2017 which has been charged to the statement of profit and loss.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 52: FIRST-TIME ADOPTION OF IND AS (Contd.)

c. Borrowings: Transaction cost

Under Previous GAAP, the Company had recognised transaction costs incurred in respect of borrowings in the Statement of Profit and Loss in the year in which costs were incurred. Under Ind AS 109, such transaction costs are adjusted against carrying value of borrowing and are amortised using effective interest rate method over the tenure of the loan. Accordingly loan were debited and corresponding credit was given to retained earnings on date of transition. Under Ind AS, finance cost has been charged to statement of profit and loss for amortisation of such transaction cost during the year ended 31 March, 2017.

d. Deferred tax assets

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity.

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on 'Accounting for Credit available in respect of MAT under the Income Tax Act, 1961' issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognised as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

e. Share based payments

Under Indian GAAP, the Company recognised only the intrinsic value for employee stock option plan as an expense. Under Ind AS, the Company is required to determine the fair value of share options using an appropriate model at grant date and recognised over the vesting period. Accordingly, the same has been recognised as a separate component of equity in Employee Stock Option outstanding (ESOP) as at April 1, 2016 and as an expense has also been recognised for the same during the year ended 31 March, 2017. Adjustment has been done to take additional charge arising due to change from intrinsic value to fair value of ESOSs outstanding.

f. Remeasure of defined benefit plan

Under Ind AS, remeasurement i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the interest expenses on the net defined liability are recognised in other comprehensive income instead of statement of Profit and Loss. Under the previous IGAAP, these reimbursements were forming part of the profit and loss for the year. There is no impact on total equity as at 31 March, 2017 on account of this.

Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

g. Interest free security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

h. Look through approach for employee welfare trust

Employee welfare trust, financed through interest free loan by the Company and warehousing the shares which have not vested yet, for distribution to employees of the Company, has been consolidated on line by line basis by reducing from equity share capital and security premium of the Company for such treasury shares held by the trust.

i. IPO related expenses:

Under the previous GAAP, expenses incurred by the Company aggregating to ₹ 85.25 million in connection with filing of Draft Red Herring Prospectus and other related expenses were shown under Other current assets. Under Ind AS the same is considered as incremental costs directly attributable to the equity transaction and hence the same has been adjusted against other equity.

Notes

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Contd.)

NOTE 53: EXCEPTIONAL ITEM

Exceptional items during the year ended 31 March, 2017 represent VAT tax liability for previous years and interest thereon in respect of inspection conducted by VAT authorities during the year, wherein certain transactions were identified which were to be considered as local sales instead of interstate transfer.

NOTE 54:

The Company has acquired the Danone Foods and Beverages India Pvt Ltd.'s manufacturing facility of Curd, Yogurt and other related products at Rai, Sonipat, Haryana near Delhi through agreement to sell dated April 18, 2018 for ₹ 141 Mn.

NOTE 55:

Previous period/year figures have been regrouped/reclassified wherever necessary to correspond with the current period/year classification / disclosure.

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sanganerla

Company Secretary & Compliance Officer

Independent Auditor's Report

To the Members of
Parag Milk Foods Limited

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying Consolidated Ind AS Financial Statements of **Parag Milk Foods Limited** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the

provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group as at March 31, 2018, their consolidated profit, their consolidated cash flows and consolidated changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept by the Group, so far as it appears from our examination of those books and the report of the other auditor;

Independent Auditor's Report (Contd.)

- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;
- d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2018 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, we give our separate Report in the "Annexure".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 41 to the Consolidated Ind AS Financial Statements;
 - (ii) The Group did not have any material foreseeable losses on long term contracts including derivative contracts. Hence the question of any material foreseeable losses do not arise; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

Anup Mundhra

Partner

Membership No.: 061083

Place: Mumbai

Date: May 9, 2018

Independent Auditor's Report (Contd.)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Parag Milk Foods Limited** on the Consolidated Ind AS Financial Statements for the year ended March 31, 2018]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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

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

Independent Auditor's Report (Contd.)

OPINION

In our opinion, the Holding Company and its subsidiary have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control

over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

Anup Mundhra

Partner

Membership No.: 061083

Place: Mumbai

Date: May 9, 2018

Consolidated Balance Sheet

AS AT 31 MARCH, 2018

(All figures are in ₹ million unless otherwise stated)

Particulars	Notes	31 March, 2018	31 March, 2017	31 March, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	3,922.66	3,330.93	3,211.96
Capital work-in-progress		203.99	164.25	232.67
Other intangible assets	5	47.46	4.99	3.42
Intangible assets under development		-	42.27	45.48
Biological Assets other than bearer plants	6	290.87	251.93	232.01
Financial assets				
Investments	7	5.05	0.06	0.06
Loans	8	3.50	3.19	2.66
Other financial assets	9	95.57	132.29	91.38
Deferred tax assets (Net)	36	75.22	91.90	13.90
Other non-current assets	10	119.69	479.02	74.11
Total		4,764.01	4,500.83	3,907.65
Current assets				
Inventories	11	4,379.34	4,285.18	2,724.26
Financial assets				
Trade receivables	12	2,517.20	1,750.20	2,159.92
Cash and cash equivalents	13	310.01	411.19	51.62
Other bank balances	14	186.00	597.31	25.21
Current tax Assets (Net)	15	-	111.76	1.54
Other current assets	16	1,658.71	1,213.28	647.51
Total		9,051.26	8,368.92	5,610.06
Total assets		13,815.27	12,869.75	9,517.71
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	838.88	838.88	701.89
Other equity	18	6,282.75	5,409.75	2,630.05
Total		7,121.63	6,248.63	3,331.94
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	19	635.15	703.07	1,187.86
Provisions	20 A	35.46	15.59	6.11
Other non current Liabilities	21	58.20	120.00	120.00
Total		728.81	838.66	1,313.97
Current liabilities				
Financial liabilities				
Borrowings	22	2,001.48	1,440.88	2,357.01
Trade payables	23	3,032.55	3,118.71	1,678.31
Other financial liabilities	24	742.50	722.25	584.37
Other current liabilities	25	113.02	485.28	210.33
Provisions	20 B	13.76	15.34	3.64
Current Tax Liabilities (Net)	26	61.52	-	38.14
Total		5,964.83	5,782.46	4,871.80
Total liabilities		6,693.64	6,621.12	6,185.77
Total equity and liabilities		13,815.27	12,869.75	9,517.71

Significant accounting policies

3

The accompanying notes form an integral part of these Financial Statements.

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sangneria

Company Secretary & Compliance Officer

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 31 MARCH, 2018

(All figures are in ₹ million unless otherwise stated)

Particulars	Notes	Year ended 31 March, 2018	Year ended 31 March, 2017
REVENUE			
Revenue from operations	27	19,545.06	17,307.39
Other income	28	119.98	128.90
Total		19,665.04	17,436.29
EXPENSES			
Cost of materials consumed	29	13,042.24	13,405.89
Purchases of stock-in-trade	30	688.18	734.41
Changes in inventories of work-in-progress and finished goods	31	(51.53)	(1,552.04)
Employee benefit expense	32	686.19	668.87
Finance costs	33	357.33	333.07
Depreciation and amortisation expense	34	505.95	489.64
Other expenses	35	3,247.10	3,173.83
Total		18,475.46	17,253.67
Profit before exceptional items and tax		1,189.58	182.62
Exceptional items	55	-	(193.84)
Profit/(Loss) before tax		1,189.58	(11.22)
Tax expense	36		
Current tax		300.73	25.66
Deferred tax		18.29	(84.44)
Profit/(Loss) after tax		870.56	47.56
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		(4.66)	(11.20)
Income Tax effect		1.61	3.86
Other comprehensive income for the year, net of tax		(3.05)	(7.34)
Total comprehensive income for the year		867.51	40.22
Earnings per equity share of face value of ₹ 10/- each:			
Basic earnings per share (in ₹)	39	10.38	0.58
Diluted earnings per share (in ₹)	39	10.35	0.58

Significant accounting policies

3

The accompanying notes form an integral part of these Consolidated Financial Statements.

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sangneria

Company Secretary & Compliance Officer

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 MARCH, 2018

EQUITY SHARE CAPITAL (REFER NOTE 17)

(All amounts are in ₹ million unless otherwise stated)

Particulars	Amount
Balance at the beginning of 1 April, 2016	159.70
Add: Issued during the year- face value per share at ₹ 10/-	544.46
Less: Shares Held by ESOP Trust (Treasury Shares)	(2.27)
Balance at the end of 31 March, 2016	701.89
Add: Issued during the year- face value per share at ₹ 10/-	136.99
Balance at the end of March 31, 2017	838.88
Add: Change during the year	-
Balance at the end of March 31, 2018	838.88

Other equity (refer note 18)

Particulars	Reserves and Surplus					Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Debt redemption reserve	Employee Stock Options Outstanding	Retained Earnings		
Balance as at April 1, 2016	1,647.18	20.00	18.00	9.60	935.35	(0.08)	2,630.05
Profit after tax for the year	-	-	-	-	47.56	-	47.56
Other comprehensive income for the year	-	-	-	-	-	(7.34)	(7.34)
Deferred Employee Compensation Expense	-	7.39	-	(0.23)	-	-	7.16
Creation of Debenture Redemption Reserve	-	-	4.50	-	(4.50)	-	-
Securities premium credited on share issue	2,863.01	-	-	-	-	-	2,863.01
Securities premium debited on IPO expense	(130.69)	-	-	-	-	-	(130.69)
Balance as at March 31, 2017	4,379.50	27.39	22.50	9.37	978.41	(7.42)	5,409.75
Profit after tax for the year	-	-	-	-	870.56	-	870.56
Other comprehensive income for the year	-	-	-	-	-	(3.05)	(3.05)
Deferred Employee Compensation Expense	-	1.67	-	(1.67)	-	-	-
Transfer of Debenture Redemption Reserve on redemption	-	22.50	(22.50)	-	-	-	-
Securities premium credited for unutilised IPO expense provision	56.11	-	-	-	-	-	56.11
Dividend paid	-	-	-	-	(42.06)	-	(42.06)
Tax on dividend	-	-	-	-	(8.56)	-	(8.56)
Balance as at March 31, 2018	4,435.61	51.56	-	7.70	1,798.35	(10.47)	6,282.75

Significant accounting policies

3

The accompanying notes form an integral part of these Consolidated Financial Statements.

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sanganeria

Company Secretary & Compliance Officer

Consolidated Statement of Cash Flow

FOR THE YEAR ENDED 31 MARCH, 2018

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities		
Net Profit before taxation	1,189.58	(11.22)
Add :		
Depreciation/amortisation	505.95	489.64
Provision for doubtful debts	160.00	300.17
Loss on sale of fixed assets	-	0.18
Unrealised forex (gain)/loss	10.83	-
Fair valuation loss - mutual fund	0.08	-
Interest expense	357.33	333.07
Bad debts	14.82	1.72
Loss on sale or death of livestock	32.56	40.16
Less :		
Other comprehensive income	(3.05)	(7.34)
Fair value change of livestock	(80.00)	(73.63)
Profit on sale of Property, Plant and Equipment	-	(0.04)
Reversal of provision for doubtful debts	(4.82)	-
Interest income	(37.41)	(60.31)
Operating profit before working capital changes	2,145.87	1012.40
Adjustments for :		
(Increase) / decrease in inventories	(94.17)	(1,560.92)
(Increase) / decrease in trade receivables	(937.00)	107.84
(Increase) / decrease in non-current and current financial assets	36.42	(41.44)
(Increase) / decrease other non-current and current assets	(393.83)	(685.56)
(Increase) / decrease other bank balances	411.31	(572.10)
Increase / (decrease) in non-current and current financial liabilities	217.03	5.16
Increase / (decrease) in other non-current and current liabilities	(434.06)	274.95
Increase / (decrease) in trade payables	(86.15)	1,440.40
Increase / (decrease) in provisions	18.28	21.18
Cash generated from operations	883.70	1.91
Direct taxes paid (net of refunds)	(129.06)	(167.58)
Net cash flow from operating activities	754.64	(165.67)
B. Cash Flow from Investing Activities		
Purchase of property plant and equipment	(770.26)	(944.12)
Purchase of intangible assets	(10.44)	(0.46)
Sale of livestock	8.50	13.55
Sale of fixed assets	2.40	0.97
Investment in fixed deposits/mutual funds	(5.07)	-
Interest received	41.92	56.56
Net cash used in investing activities	(732.95)	(873.50)
C. Cash Flow from Financing Activities		
Proceeds from long term borrowings	210.00	3.01
Proceeds from issue of shares (net of issue expenses)	-	3,000.00
Proceeds / (repayment) short term borrowings (net)	560.60	(916.13)
Proceeds / (repayment) unsecured loan (net)	-	(180.00)

Consolidated Statement of Cash Flow (Contd.)

FOR THE YEAR ENDED 31 MARCH, 2018

(All amounts are in ₹ million unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Repayment of long term borrowings	(483.58)	(168.25)
Payment of dividend	(50.62)	-
Interest paid	(359.27)	(339.89)
Net cash flow from financing activities	(122.87)	1,398.74
Net increase in cash and cash equivalents (A+B+C)	(101.18)	359.57
Cash and cash equivalents at the beginning of the year [Refer Note 13]	411.19	51.62
Cash and cash equivalents at the end of the year [Refer Note 13]	310.01	411.19

In part A of Statement of Cash Flows, amounts in bracket indicate deductions made from net profit for deriving net cash flow from operating activities and in part B & C amounts in bracket indicate outflows.

The above Statement of Cash Flows has been prepared under the Indirect-Method as set out in Ind AS 7- Statement of Cash Flows.

Non cash movement in borrowings include addition/deletion on account of unrealised foreign exchange loss/(gain) of ₹ 1.99 million (March 31, 2017: ₹ (18.05) million) in respect of Foreign Currency Loan.

Significant accounting policies

3

The accompanying notes form an integral part of these Consolidated Financial Statements.

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sanganeria

Company Secretary & Compliance Officer

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

1. CORPORATE INFORMATION

The consolidated financial statements comprises financial statements of Parag Milk Foods Limited ("the parent") and its subsidiary Bhagyalaxmi Dairy Farms Pvt Ltd (collectively "the Group").

The parent is a public listed company incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Group is engaged in the business of production and procurement of cow milk mainly in western and southern region, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk, milk powder, flavoured milk, lassi, curd etc. which are marketed under its registered brand name "Gowardhan", "Go", "Pride of Cows" and "Topp up".

2. BASIS OF PREPARATION

A. Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries, being the entities that it controls. Control is evidenced where the group has power over the investee or is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies of the group. For non wholly owned subsidiaries. A share of the profit/loss for the financial year and net assets is contributed to the non-controlling interests as shown in the consolidated statement of profit and loss

B. Statement of compliance

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Groups's first consolidated financial statements prepared in accordance with Indian

Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance is provided in Note 54.

The consolidated financial statements were authorised for issue by the Parent's Board of Directors on May 9, 2018.

Details of the Group's accounting policies are included in Note 3.

C. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹), which is also the Groups's functional currency. All amounts have been rounded-off to two decimal places to the nearest millions, unless otherwise indicated.

D. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Shared-based payments	Fair value
Biological Assets	Fair Value
Net defined benefit (asset)/ liability	Present value of defined benefit obligation less Fair value of plan assets

E. Current / non-current classification of assets/ liabilities

The Group has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current

F. Use of estimates and judgements

In the preparation of the financial statements, the Group makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions, judgements and estimation uncertainties

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 are as below and also been discussed in detail in the relevant section of accounting policies.

- Measurement of defined benefit obligations: key actuarial assumptions;
- Useful life of property, plant and equipment
- Fair value measurement of financial instruments
- Fair value measurement of biological assets
- Impairment of financial assets.

G. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Share-based payments
- Financial instruments.
- Fair valuation of biological assets

3. SIGNIFICANT ACCOUNTING POLICIES

a) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as on 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer note 55).

iii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iv. Depreciation

Depreciation on cost of fixed assets is provided on straight line method at estimated useful life, which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013, except for Second hand machineries which are depreciated over an estimated useful life of 10 years based on management estimate.

Depreciation on additions is provided on a prorata basis from the date of ready to use and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis upto the month proceeding the month of deduction/disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

v. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of classification.

vi. Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

b) Intangible assets

i. Recognition and measurement

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increase the future economic benefits embodied in the specific assets to which it relates. All other expenditure are recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Assets	Useful life (years)
Trade Marks	10
Website Development	3
Computer Software	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

iv. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (Refer note 55).

c) Biological Asset

Biological Assets i.e. livestock (cows) are measured at fair value less costs to sell, with any change therein recognised in statement of profit and loss.

d) Impairment

i. Financial assets

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL with simplified approach. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the date of inception is deemed to be 1 April 2016 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard.

For arrangements entered into prior to 1 April 2016, the Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflation.

f) Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on first in first out basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Stock-in-trade and finished goods are valued at the lower of net realisable value and cost (including prime cost and other overheads incurred in bringing the inventories to their present location and condition), computed on a first in first out basis.

g) Financial instruments

i. Recognition and initial measurement

The Group initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. Classification and subsequent measurement Financial Assets

Financial assets carried at amortised cost

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In case, the Group's management has made an irrevocable election at the time of initial recognition to account for the equity investment (Other than Investments in equity instruments of Subsidiary) fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Investment in subsidiary

Investment in subsidiary is carried at cost in the standalone financial statements of the Parent

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

h) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with a transaction flow to the company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Group.

Revenue includes only the gross inflows of economic benefits, including excise duty, received or receivable by the company, on its own account. Amount collected on behalf of third parties such as sales tax, value added tax and goods and services tax are excluded from revenue.

Processing charges is recognised as per the terms of the contract when the related services are rendered.

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income is recognised using the effective interest method.

i) Foreign currencies

Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the Group are recorded in the functional currency (INR), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit & Loss.

Measurement of foreign currency items at reporting date

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the date of the transaction. Non monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit & Loss except exchange differences on long term foreign currency monetary items related to acquisition of fixed assets prior to transition to Ind AS, which are included in the cost of fixed assets.

j) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

of profit and loss on a systematic basis over the periods to which they relate. When the grant relates to an asset, it is treated as deferred income and recognised in the statement of profit and loss on a systematic basis over the useful life of the asset.

k) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is

realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Presentation of current and deferred tax

Current and deferred tax are recognised as income or an expense in the Statement of Profit & Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/ expense are recognised in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

MAT Credits are in the form of unused tax credits that are carried forward by the Group for a specified period of time, hence it is grouped with Deferred Tax Asset/Net of Deferred tax liabilities.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of those property, plant and equipment which necessarily takes a substantial period of time to get ready for their intended use are capitalised. All other borrowing costs are expensed in the period in which they incur in the statement of profit and loss.

m) Provisions, contingent liabilities and contingent assets

The Group recognizes the provisions when a present obligation (legal or constructive) as a result of past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying the economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying the economic benefits is remote, no provision or disclosure is made.

Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

n) Employee benefits

Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, Employees State Insurance, are recognised as expenses in the period in which the employee renders the related service. The Group has no further obligations beyond its monthly contributions. The Group also provides for post-employment defined benefit in the form of gratuity. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are

determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

o) Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

q) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the company

t) Recent accounting pronouncements/ Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115, Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign currency transactions and advance consideration and amendments to certain other standards. These amendments are in line with recent amendments made by International Accounting Standards Board (IASB). These amendments are applicable to the Group from 1st April, 2018. The Company will be adopting the amendments from their effective date.

i. Ind AS 115 Revenue from Contract with Customers:

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

Based on the preliminary assessment performed by the Group, the impact of application of the Standards is not expected to be material.

ii. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of assets, expense or income (or part of it) is the date on which the entity initially recognises the non-monetary asset or non monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipt in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The impact of the appendix on the financial statements, as assessed by the Group, is expected to be not material.

iii. Ind AS 12 - Income taxes

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 12, 'Income taxes'. The amendments are applicable to the Company from April 01, 2018. The amendments explain how to apply the recognition and measurement requirements in Ind AS 12 Income taxes when there is uncertainty over income tax treatment. The amendments considers that:

- Tax law determines which deductions are offset against taxable income in determining taxable profits
- No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The Group is evaluating the impact of this amendment on its financial statements. However, based on preliminary assessment, there will not be any material impact on the financial position and performance of the Group.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(All amounts are in ₹ million unless otherwise stated)

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Leasehold building improvements	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office equipment	Computer	Total
Year ended March 31, 2017									
Gross carrying amount									
Deemed cost as at April 1, 2016	67.30	6.48	677.42	2,420.44	12.85	16.40	7.65	3.42	3,211.96
Additions during the year	4.72	31.39	9.51	520.89	10.22	8.80	3.44	18.69	607.66
Disposals during the year	-	-	-	(0.18)	-	(0.97)	-	-	(1.15)
Closing gross carrying amount as at March 31, 2017	72.02	37.87	686.93	2,941.15	23.07	24.23	11.09	22.11	3,818.47
Accumulated depreciation									
Depreciation charge during the year	-	3.90	31.92	439.68	2.09	5.13	2.68	2.14	487.54
Closing accumulated depreciation as at March 31, 2017	-	3.90	31.92	439.68	2.09	5.13	2.68	2.14	487.54
Net carrying amount as at March 31, 2017	72.02	33.97	655.01	2,501.47	20.98	19.10	8.41	19.97	3,330.93
Year ended March 31, 2018									
Gross carrying amount									
Opening gross carrying amount	72.02	37.87	686.93	2,941.15	23.07	24.23	11.09	22.11	3,818.47
Regrouping / other adjustments	0.01	-	(0.01)	(0.12)	0.01	0.02	(0.09)	0.10	(0.08)
Additions during the year	-	0.21	138.54	937.44	2.21	0.16	1.41	9.95	1,089.92
Disposals during the year	-	-	-	(2.53)	-	-	-	-	(2.53)
Closing gross carrying amount as at March 31, 2018	72.03	38.08	825.46	3,875.94	25.29	24.41	12.41	32.16	4,905.78
Accumulated depreciation									
Opening accumulated depreciation	-	3.90	31.92	439.68	2.09	5.13	2.68	2.14	487.54
Depreciation charge during the year	-	14.26	34.07	429.85	2.69	3.53	2.47	8.84	495.71
Disposals during the year	-	-	-	(0.13)	-	-	-	-	(0.13)
Closing accumulated depreciation as at March 31, 2018	-	18.16	65.99	869.40	4.78	8.66	5.15	10.98	983.12
Net carrying amount as at March 31, 2018	72.03	19.92	759.47	3,006.54	20.51	15.75	7.26	21.18	3,922.66

Under the Indian GAAP, Group was following the accounting treatment as per paragraph 46/ 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets was added/ deducted from the cost of the depreciable asset, which was depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Group has opted to apply this exemption and accordingly the Company has adjusted foreign exchange loss of ₹ 0.40 million for the year ended March 31, 2018 (March 31, 2017: Gain of ₹ 15.75 million) arising on reporting of long term foreign currency monetary item against the historical cost of fixed assets.

For property, plant and equipment existing as at April 1, 2016, i.e. date of transition to Ind AS, the Group has used Indian GAAP carrying values as deemed cost as permitted by Ind AS 101 - First time adoption. Accordingly, the net carrying value as per previous GAAP as at April 1, 2016 has been considered as deemed cost under Ind AS.

For details of assets given as security against borrowings, Refer Note 19 and Note 22.

Amount of contractual commitments for the acquisition of PPE, Refer Note 42

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 5: OTHER INTANGIBLE ASSETS

(All figures are in ₹ million unless otherwise stated)

Particulars	Computer software	Website Development	Brands / Trade Marks	Total
Year ended March 31, 2017				
Gross carrying amount				
Deemed cost as at April 1, 2016	3.11	0.13	0.18	3.42
Additions during the year	3.67	-	-	3.67
Closing gross carrying amount as at March 31, 2017	6.78	0.13	0.18	7.09
Accumulated amortisation				
Amortisation charge for the year	1.92	0.12	0.06	2.10
Closing accumulated amortisation as at March 31, 2017	1.92	0.12	0.06	2.10
Closing net carrying amount as at March 31, 2017	4.86	0.01	0.12	4.99
Year ended March 31, 2018				
Gross carrying amount				
Opening gross carrying amount as at 1 April 2017	6.78	0.13	0.18	7.09
Regrouping / other adjustment	-	(0.01)	-	(0.01)
Additions during the year	52.72	-	-	52.72
Closing gross carrying amount as at March 31, 2018	59.50	0.12	0.18	59.80
Accumulated amortisation				
Opening accumulated amortisation	1.92	0.12	0.06	2.10
Amortisation charge for the year	10.16	-	0.08	10.24
Closing accumulated amortisation as at March 31, 2018	12.08	0.12	0.14	12.34
Closing net carrying amount as at March 31, 2018	47.42	-	0.04	47.46

There are no contractual commitments for the acquisition of intangible assets.

For intangible assets existing as at April 1, 2016, i.e. date of transition to Ind AS, the group has used Indian GAAP carrying values as deemed cost as permitted by Ind AS 101 - First time adoption. Accordingly, the net carrying value as per previous GAAP as at April 1, 2016 has been considered as deemed cost under Ind AS.

NOTE 6 : BIOLOGICAL ASSET OTHER THAN BEARER PLANT - LIVESTOCK (COWS)

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Balance beginning of the year	251.93	232.01	225.66
Less: Decrease due to sale/disposal	(41.06)	(53.71)	(40.30)
Add/(Less): Change in fair value less cost to sell #	80.00	73.63	46.65
Fair Value as at the end of the period	290.87	251.93	232.01

Represents change in price as well as changes on account of biological transformation. There have been no new purchase/acquisitions of biological assets.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 7: INVESTMENTS

(All figures are in ₹ million unless otherwise stated)

Particulars	31 March, 2018		31 March, 2017		01 April, 2016	
	Quantity (Nos)	Value	Quantity (Nos)	Value	Quantity (Nos)	Value
Unquoted						
Investment in equity instruments (fully paid-up)						
Investment in other entities (fair value through Profit and Loss)						
OPGS Power Gujarat Private Limited	218,000	0.07	-	-	-	-
Other Investments						
Investment in other entities (fair value through Profit and Loss)						
Rupee Co-Operative Bank Ltd.	3,800	0.04	3,800	0.04	3,800	0.04
Sharad Sahakari Bank Ltd.	318	0.02	318	0.02	318	0.02
Investment in mutual fund (fair value through Profit and Loss)						
UBI Mutual Fund	499,990	4.92	-	-	-	-
Total		5.05		0.06		0.06
Total non-current investments		5.05		0.06		0.06
Aggregate amount of quoted investments and market value thereof		-		-		-
Aggregate amount of unquoted investments		5.05		0.06		0.06
Aggregate amount of impairment in the value of investments		-		-		-

NOTE 8: LOANS - NON CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured considered good			
Security Deposits	3.50	3.19	2.66
Total	3.50	3.19	2.66

NOTE 9: OTHER FINANCIAL ASSETS

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured, considered good			
Fixed deposits having original maturity of more than one year	2.72	15.86	8.87
Interest Receivable	0.34	2.89	2.23
Deposits	92.51	113.54	80.28
Total	95.57	132.29	91.38

NOTE 10: OTHER NON-CURRENT ASSETS

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured, considered good			
Capital advances	119.69	479.02	74.11
Total	119.69	479.02	74.11

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 11 : INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Raw materials	31.33	43.42	35.70
Work-in-progress	2,212.34	2,010.08	1,371.23
Finished goods	1,900.03	2,050.76	1,137.57
Packing material	104.77	76.26	91.64
Stores and spares	130.87	104.66	88.12
Total	4,379.34	4,285.18	2,724.26

For Inventories pledged as securities against borrowings, see note 19 and note 22.

The above includes goods in transit as below:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Stock in transit - finished goods	-	4.18	1.44

The cost of inventories recognised as an expense includes ₹ 13.91 million (March 31, 2017: ₹ 10.50 million) in respect of write down of inventories to net realizable value. Further, a sum of ₹ 10.50 million (March 31, 2017: Nil) in respect of reversal of such write downs. Previous write downs have been reversed as a result of appreciation in market price of such inventories.

NOTE 12: TRADE RECEIVABLES

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured, Considered good	2,517.20	1,750.20	2,159.92
Unsecured, Considered doubtful	814.96	659.78	370.85
Less: Allowance for doubtful debts	(814.96)	(659.78)	(370.85)
Total	2,517.20	1,750.20	2,159.92

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade and other receivables are due from firms or private companies respectively in which any directors is a partner, a director or a member.

The Group's exposure to credit and currency risk related to trade receivables are disclosed in Note 38 A and Note 38 C.

NOTE 13: CASH AND CASH EQUIVALENTS

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Balances with banks			
- in current accounts	64.02	52.20	39.61
Fixed deposits with original maturity of less than three months	236.08	336.61	2.14
Cash on hand	9.91	22.38	9.87
Total	310.01	411.19	51.62

NOTE 14: OTHER BANK BALANCES

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Fixed deposits (having original maturity of more than three months but less than twelve months)	186.00	597.31	25.21
Total	186.00	597.31	25.21

NOTE 15: CURRENT TAX ASSETS (NET)

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Advance income tax (Net of Provisions)	-	111.76	1.54
Total	-	111.76	1.54

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 16: OTHER CURRENT ASSETS

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Advances other than Capital advances			
Unsecured, considered good:			
Prepaid Expenses	11.26	8.36	6.03
Advances & other recoverables	945.67	715.84	295.12
Sub-Total	956.93	724.20	301.15
Recoverable from statutory and government authorities			
Unsecured, considered good:			
Electricity duty receivable	23.11	23.11	18.86
PSI incentive & export subsidy receivable	626.45	439.11	292.74
VAT & Sales tax receivable	52.22	17.86	27.13
Unsecured, considered doubtful	17.21	17.21	17.21
Less: Provision for doubtful advances	(17.21)	(17.21)	(17.21)
Sub-Total	701.78	480.08	338.73
Unsecured, considered good:			
Deposits	-	3.29	2.53
Interest receivable	-	4.51	0.77
Others	-	1.20	4.33
Sub-Total	-	9.00	7.63
Grand Total	1,658.71	1,213.28	647.51

NOTE 17: EQUITY SHARE CAPITAL

Authorised equity share capital

(All figures are in ₹ million unless otherwise stated)

Particulars	Number of shares (Nos.)	Face Value	Amount
As at April 1, 2016	100,000,000	10.00	1,000.00
Change during the year	-	-	-
As at March 31, 2017	100,000,000	10.00	1,000.00
Change during the year	-	-	-
As at March 31, 2018	100,000,000	10.00	1,000.00

Issued, subscribed and fully paid up share capital

Particulars	Number of shares (Nos.)	Face Value	Amount
As at April 1, 2016 *	70,188,887	10.00	701.89
Issued during the year	13,698,695	10.00	136.99
As at March 31, 2017	83,887,582		838.88
Issued during the year	-	-	-
As at March 31, 2018	83,887,582	10.00	838.88

* excluding shares issued to ESOP trust

Terms and rights attached to equity shares

The Holding Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Details of shareholders holding more than 5% shares

Particulars	31 March, 2018		31 March, 2017		01 April, 2016	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Mr. Devendra Prakash Shah	15,006,400	17.89%	14,570,832	17.37%	14,570,832	20.76%
Mr. Pritam Prakash Shah	9,159,888	10.92%	9,159,888	10.92%	9,159,888	13.05%
Mrs. Netra Pritam Shah	8,867,027	10.57%	8,268,149	9.85%	10,272,782	14.63%
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	5,074,234	6.05%	5,074,234	6.05%	14,134,162	20.13%
India Business Excellence Fund	-	-	442,511	0.53%	4,359,749	6.21%

As per records of the holding Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. The above percentage have been computed after excluding 227,000 no's of equity shares issued to ESOP Trust.

Information on equity shares (Nos.) allotted without receipt of cash or allotted as bonus shares or shares bought back

	March 31, 2018	March 31, 2017	31 March 2016	31 March 2015	31 March 2014
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash, by way of conversion of compulsorily convertible debentures	-	-	12,084,385	-	-
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and surplus balance.	-	-	42,135,038	-	-

NOTE 18: OTHER EQUITY

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Securities Premium Reserve	4,435.61	4,379.50	1,647.18
General Reserve	51.56	27.39	20.00
Debeture redemption reserve	-	22.50	18.00
Retained Earnings	1,798.35	978.41	935.35
Employee Stock Options Outstanding	7.70	9.37	9.60
Other Comprehensive Income	(10.47)	(7.42)	(0.08)
Total	6,282.75	5,409.75	2,630.05

Movement in Reserves

Particulars	March 31, 2018	March 31, 2017
Securities Premium Reserve		
Opening Balance	4,379.50	1,647.18
Add: Securities premium credited on share issue	-	2,863.01
Less: Securities premium debited on IPO expense	56.11	(130.69)
Closing Balance	4,435.61	4,379.50
General Reserves		
Opening Balance	27.39	20.00
Add: Transfer from Surplus	-	7.39
Add: Transfer from Employee Stock Options Outstanding	1.67	-
Add: Transfer from Debeture redemption reserve	22.50	-
Closing Balance	51.56	27.39
Debeture redemption reserve		
Opening Balance	22.50	18.00
Add: Transfer from Surplus	-	4.50
Less: Transfer to General Reserve	(22.50)	-
Closing Balance	-	22.50

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	March 31, 2018	March 31, 2017
Retained earnings		
Opening Balance	978.41	935.35
Add: Profit after tax for the year	870.56	47.56
Less: Transfer to debenture redemption reserve	-	(4.50)
Less: Dividends	(42.06)	-
Less: Dividend distribution tax	(8.56)	-
Closing Balance	1,798.35	978.41
Employee Stock Options Outstanding		
Opening Balance	9.37	9.60
Add: Deferred Employee Compensation Expense	-	(0.23)
Less: Transfer to General reserve	(1.67)	-
Closing Balance	7.70	9.37
Other Comprehensive Income		
Opening Balance	(7.42)	(0.08)
Add: For the year	(3.05)	(7.34)
Closing Balance	(10.47)	(7.42)
Closing balance	6,282.75	5,409.75

Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc

Debenture redemption reserve represents reserve created out of profit / retained earnings at specified value of debentures to be redeemed by the Holding Company. The Holding Company has transferred the balance to general reserve as the debentures have been redeemed during the year.

Retained earnings represents surplus/ accumulated earnings of the Group and are available for distribution to shareholders.

The shares option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employee Stock Grant Scheme which are invested as on the reporting date and is net of the deferred employee compensation expense.

Distribution made and proposed to be made

Particulars	March 31, 2018	March 31, 2017
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2017: : ₹ 0.50 per share (March 31, 2016 : Nil)	42.06	-
DDT on final dividend	8.56	-
Proposed dividend on equity shares :		
Final equity dividend		
For the year ended on March 31, 2018: ₹0.75 per share (March 31, 2017 : ₹0.50 per share)	62.92	42.06
DDT on proposed dividend	12.93	8.56

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31, 2018.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 19: BORROWINGS - NON-CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Secured			
Term loans			
From banks			
Rupee currency loan	164.12	64.53	186.35
Foreign currency loan	461.50	616.66	791.36
Vehicle loan	0.43	1.58	2.63
From other parties			
Vehicle loan	9.10	20.30	27.52
Unsecured			
0% Non-Convertible Debentures (payable to promoters)	-	-	180.00
Total	635.15	703.07	1,187.86

Indian rupee loans taken by the Holding Company from a bank of ₹ 164.12 million (March 31, 2017 : ₹ 64.53 million, April 1, 2016 : ₹ 180.64 million) carry interest @ 10.50%-13.00%. The loans are repayable over 38-59 monthly instalments starting from Feb 2013, November 2013 and March 2018 along with interest. The loan is secured by pari passu charge on fixed assets and second pari passu charge on current assets of the Company and personal guarantee of Promoter Directors.

Indian rupee loan taken by the subsidiary company from a bank of ₹ Nil million (March 31, 2017 : ₹ Nil million, April 1, 2016 : ₹ 5.71 million) carries interest @ 13.25%. The loan is to be repaid in 66 equal monthly installments starting from March 2012. The loan is secured by existing fixed assets of the subsidiary, mortgage of land owned by Promoter Directors and corporate guarantee given by the holding Company.

Foreign currency loan taken by the Holding Company from a financial institution of ₹ 461.50 million (March 31, 2017 : ₹ 616.66 million, April 1, 2016 : ₹ 791.36 million) carries interest @ 5.15%-5.92%. The loans are repayable in 12 semi annual instalments along with interest starting from June, 2016. The loan is secured by first pari passu charge on movable and immovable fixed property of the holding Company and second pari passu charge of entire current assets of the Company along with other banks and personal guarantees of Directors and their relatives.

Hire purchase loan taken by the Holding Company from banks of ₹ 0.43 million (March 31, 2017 : ₹ 1.58 million, April 1, 2016 : ₹ 2.63 million) carries interest @ 9.38% to 11.24 % p.a. The loans are repayable in 36 to 60 monthly instalments starting from the respective date of finance. The loan is secured by specific assets financed (vehicle).

Indian rupee loans taken by the Holding Company from financial institutions of ₹ 9.10 million (March 31, 2017 : ₹ 20.26 million, April 1, 2016 : ₹ 27.52 represents loan secured by hypothecation of equipments and vehicles. The loans are repayable over 36 - 78 instalments and carry interest in the range of 9.75 - 12.98%.

The Holding Company had made an issue of 18,000,000 Nos of Non Convertible Debentures of nominal value of ₹ 10 each aggregating ₹ 180.00 million at 0% interest to the Promoters. The life of such debentures is 10 years from the issue date, i.e., March 2013 or any time to be redeemed on demand after the Company's IPO. During the year 2017-18, all debenture have been redeemed based on demand made by promoters.

NOTE 20 A: PROVISIONS - NON-CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Provision for compensated absences	12.45	8.61	5.76
Provision for gratuity (net) (Refer note No. 40)	23.01	6.98	0.35
Total	35.46	15.59	6.11

NOTE 20 B: PROVISIONS - CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Provision for compensated absences	3.27	3.88	1.11
Provision for gratuity (net) (Refer note No. 40)	10.49	11.46	2.53
Total	13.76	15.34	3.64

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 21: OTHER NON-CURRENT LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Deposit from customers	58.20	120.00	120.00
Total	58.20	120.00	120.00

NOTE 22: BORROWINGS - CURRENT

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Secured			
Loans repayable on demand			
From banks- Cash Credit	2,001.48	1,440.88	2,357.01
Total	2,001.48	1,440.88	2,357.01

Cash credit availed from banks by Holding Company is secured by first pari passu charge on all current assets and second pari passu charge on fixed assets of the Holding Company, personal guarantee of Promoter Directors and their relative. The cash credit is repayable on demand and carries interest @ 12.40% p.a. to 15.00% p.a.

NOTE 23: TRADE PAYABLES - CURRENT (ALSO REFER NOTE 36B, 36C & 45)

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Due to micro and small enterprises (refer note 45)	18.91	24.76	42.43
Others	3,013.64	3,093.95	1,635.88
Total	3,032.55	3,118.71	1,678.31

NOTE 24: OTHER CURRENT FINANCIAL LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Current maturities of long-term debt (refer note 19)*	274.90	469.72	330.17
Interest accrued but not due on borrowings	15.06	16.99	23.81
Deposits	160.10	73.83	60.78
Employee related Liabilities	56.11	67.88	62.68
Creditor for Capital Goods	226.21	84.74	90.68
Finance Guarantee Obligation	-	5.20	15.03
Directors remuneration payable	10.12	3.89	1.22
Total	742.50	722.25	584.37

* includes NCD issued to promoters (refer note 43)

NOTE 25: OTHER CURRENT LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Statutory tax payables	69.91	212.84	45.33
Advances from customers	43.11	272.44	165.00
Total	113.02	485.28	210.33

NOTE 26: CURRENT TAX LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Current Tax Liability (Net of advance)	61.52	-	38.14
Total	61.52	-	38.14

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 27 : REVENUE FROM OPERATIONS

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Sale of products	19,021.11	16,827.64
Other operating revenue	523.95	479.75
Total	19,545.06	17,307.39

NOTE 28: OTHER INCOME

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Interest income		
Bank deposits	36.34	60.10
Others	0.73	-
Foreign exchange fluctuation (Net)	-	5.52
Profit on sale of property, plant and equipments	-	0.04
Gain arising on changes in fair value of livestock	80.00	42.00
Recoupment of financial guarantee contract	5.20	9.83
Interest income on security deposit	0.34	0.21
Reversal of provision for doubtful debts	4.82	-
Miscellaneous income	(7.45)	11.20
Total	119.98	128.90

NOTE 29: COST OF MATERIALS CONSUMED

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Raw material consumed		
Inventory at the beginning of the year	43.42	35.70
Add: Purchases	11,552.61	12,148.12
Add: Purchase of fodder/ generation of raw manure	193.74	179.97
Add: Conversion charges	-	-
Less: Inventory at the end of the year	(31.33)	(43.42)
	11,758.44	12,320.37
Packing material, stores spares & consumables consumed		
Inventory at the beginning of the year	180.92	179.75
Add: Purchases	1,338.52	1,086.69
Less: Inventory at the end of the year	(235.64)	(180.92)
	1,283.80	1,085.52
Total	13,042.24	13,405.89

NOTE 30: PURCHASE OF STOCK IN TRADE

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Milk products	688.18	734.41
Total	688.18	734.41

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 31: CHANGES IN INVENTORIES OF WORK-IN-PROGRESS AND FINISHED GOODS

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Inventories at the beginning of the year		
Finished goods	2,050.76	1,137.57
Work-in progress	2,010.08	1,371.23
Total	4,060.84	2,508.80
Inventories at the end of the year		
Finished goods	1,900.03	2,050.76
Work-in progress	2,212.34	2,010.08
Total	4,112.37	4,060.84
Changes in inventories of work-in-progress and finished goods	(51.53)	(1,552.04)

NOTE 32: EMPLOYEE BENEFIT EXPENSE

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Salaries and wages	597.81	589.96
Contributions to provident and other funds	31.93	24.53
Staff welfare expenses	45.05	42.70
Gratuity (refer note 40)	11.40	4.51
Expenses on Employees Stock Options Scheme (refer note 50)	-	7.17
Total	686.19	668.87

NOTE 33: FINANCE COSTS

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Interest on debts and borrowings	303.45	282.02
Other Borrowing Cost	53.88	51.05
Total	357.33	333.07

NOTE 34: DEPRECIATION AND AMORTISATION EXPENSE

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Depreciation of property, plant and equipment	495.71	487.54
Amortisation of intangible assets	10.24	2.10
Total	505.95	489.64

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 35: OTHER EXPENSES

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Transport, octroi & freight	46.69	40.33
Power and fuel	513.00	473.69
Rent, rates & taxes	235.37	291.19
Insurance	15.63	14.74
Repairs to Plant and machinery	75.18	123.30
Repairs to Building	10.12	14.80
Repairs to Others	30.67	32.04
Other factory expenses	95.47	103.29
labour charges	246.54	155.34
Office Expense	16.95	23.53
Exchange fluctuation (net)	10.83	-
Hire charges	2.37	1.76
Security charges	19.32	18.70
Travelling & conveyance	62.48	68.51
Communication costs	12.15	11.93
Printing and stationery	5.00	6.87
Legal & professional fees (refer note 43)	97.25	36.45
Director's remuneration	48.00	41.70
Auditor's remuneration #	4.69	4.53
Advertisements and marketing expenses	123.70	251.62
Sales promotion expenses	403.87	264.66
Commission on sales	57.76	53.83
Agency charges for export	7.70	9.26
Carriage outward	729.29	725.50
Loss on sale of assets	-	0.18
Donations	1.11	0.78
CSR expenses (Refer Note 49)	8.05	12.38
Expected Credit Loss Provisioning	160.00	300.17
Miscellaneous expenses	127.15	31.02
Selling and distribution expenses	33.38	19.85
Bad debts	14.82	1.72
[adjusted with provision for bad debts ₹ Nil (March 31, 2017: ₹ 11.24 million)]		
Loss on sale or death of livestock	32.56	40.16
Total	3,247.10	3,173.83

Details of payments to auditors

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Payment to auditors		
Audit fee	4.56	4.46
Re-imburement of expenses	0.13	0.07
Total	4.69	4.53

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 36: INCOME TAX

- a) The major components of recognised deferred tax assets/(liabilities) arising on account of temporary differences are as follows:

For the year ended March 31, 2018

(All amounts are in ₹ million unless otherwise stated)

Particulars	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Recognised in Balance- Sheet	Net balance March 31, 2018
Deferred tax liabilities					
Property, plant and equipment & Intangible assets	235.94	95.55	-	-	331.49
Fair value of livestock	-	14.12	-	-	14.12
Others	12.08	2.41	-	-	14.49
Sub-Total	248.02	112.08	-	-	360.10
Deferred tax assets					
Expected loss on financial assets	229.76	58.28	-	-	288.04
Expenses allowed on payment basis	18.72	(3.08)	1.61	-	17.25
Unabsorbed losses	27.20	(8.94)	-	-	18.26
Sub-Total	275.68	46.26	1.61	-	323.55
Minimum Alternate Tax (MAT) credit					
Recognised	64.24	47.53	-	-	111.77
Sub-Total	64.24	47.53	-	-	111.77
Net Deferred tax assets/(liabilities)	91.90	(18.29)	1.61	-	75.22

For the year ended March 31, 2017

(All amounts are in ₹ million unless otherwise stated)

Particulars	Net balance April 1, 2017	Recognised in profit or loss	Recognised in OCI	Recognised in Balance- Sheet	Net balance March 31, 2017
Deferred tax liabilities					
Property, plant and equipment & Intangible assets	230.61	5.33	-	-	235.94
Others	9.51	2.57	-	-	12.08
Sub-Total	240.12	7.90	-	-	248.02
Deferred tax assets					
Expected credit loss on financial assets	133.60	96.16	-	-	229.76
Expenses allowed on payment basis	7.88	6.98	3.86	-	18.72
Unabsorbed losses	48.77	(21.57)	-	-	27.20
Sub-Total	190.25	81.57	3.86	-	275.68
Minimum Alternate Tax (MAT) credit					
Recognised	63.77	10.77	-	(10.30)	64.24
Sub-Total	63.77	10.77	-	(10.30)	64.24
Net Deferred tax assets/(liabilities)	13.90	84.44	3.86	(10.30)	91.90

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

b) Unrecognised deferred tax assets

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the subsidiary company can use the benefits therefrom. The tax losses expire as follows:

(All amounts are in ₹ million unless otherwise stated)

Assessment year	March 31, 2018	March 31, 2017	April 01, 2016	Expiry AY
Business losses				
2012-13	-	11.58	-	2020-21
2015-16	-	-	4.75	2023-24
Unabsorbed depreciation				
2008-09	-	2.61	-	NA
2011-12	-	5.03	-	NA
2012-13	-	44.88	-	NA
2015-16	-	-	25.31	NA
Total	-	64.10	30.07	
Statutory income tax rate	27.55%	30.90%	30.90%	
Potential tax benefit	-	19.81	9.29	

c) Income tax expense

(All amounts are in ₹ million unless otherwise stated)

Particulars	For the year Ended March 31, 2018	For the year Ended March 31, 2017
Current tax		
Current tax on profits for the year	298.21	34.40
Adjustments for current tax of prior periods	2.52	(8.74)
Total	300.73	25.66
Deferred tax		
Deferred tax charge/(credit)	65.81	(73.67)
MAT Credit entitlement	(47.53)	(10.77)
Total	18.29	(84.44)
Income tax expense	319.02	(58.78)

d) Reconciliation of effective tax rate:

(All amounts are in ₹ million unless otherwise stated)

Particulars	2017-2018	2016-2017
Profit before income tax expense	1,189.58	(11.22)
Indian statutory income tax rate	34.61%	34.61%
Expected income tax expense	411.69	(3.88)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of non deductible expenses	3.17	51.79
Effect of additional allowances for tax purpose (deduction under section 32AC)	-	(24.45)
Effect of tax exempt income (exemption under section 80IB)	(110.38)	(67.18)
Effect of tax adjustment in respect of earlier years	2.52	(8.74)
Effect of tax deduction (under section 80G)	-	(1.99)
Effect of income charged at lower rate of tax	-	(1.04)
Effect of change in tax rate	0.79	-
Recognition of deferred tax assets on previous year losses (net)	(11.00)	(8.58)
Effect of different tax rates	(8.00)	(3.08)
Others	30.22	8.36
Income tax expense	319.02	(58.78)
Effective tax rate	26.82%	523.84%

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

e) Amounts recognised in Other comprehensive income (All amounts are in ₹ million unless otherwise stated)

Particulars	2017-2018			2016-2017		
	Before tax	Tax exp. (benefit)	Net of tax	Before tax	Tax exp. (benefit)	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	(4.66)	1.61	(3.04)	(11.20)	3.86	(7.34)

NOTE 37: FAIR VALUE MEASUREMENTS

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

B. Measurement of fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

C. Fair Value Hierarchy

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Financial Assets and Liabilities	Carrying value			Measurement	Fair value hierarchy			Fair Value		
	March 31, 2018	March 31, 2017	April 1, 2016		March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Financial Assets										
Investments - mutual fund	4.92	-	-	Fair Value through Profit and Loss	Level 1	-	-	4.92	-	-
Investments - Others	0.13	0.06	0.06	Fair Value through Profit and Loss	Level 3	Level 3	Level 3	0.13	0.06	0.06
Loans	3.50	3.19	2.66	Amortised cost	Level 3	Level 3	Level 3	3.50	3.19	2.66
Trade receivable	2,517.20	1,750.20	2,159.92	Amortised cost	Level 3	Level 3	Level 3	2,517.20	1,750.20	2,159.92
Cash and Cash equivalents	310.01	411.19	51.62	Amortised cost	Level 3	Level 3	Level 3	310.01	411.19	51.62
Other Bank Balance	186.00	597.31	25.21	Amortised cost	Level 3	Level 3	Level 3	186.00	597.31	25.21
Other Financial Assets	95.57	132.29	91.38	Amortised cost	Level 3	Level 3	Level 3	95.57	132.29	91.38
Total	3,117.33	2,894.24	2,330.85					3,117.33	2,894.24	2,330.85

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Financial Assets and Liabilities	Carrying value			Measurement	Fair value hierarchy			Fair Value		
	March 31, 2018	March 31, 2017	April 1, 2016		March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Financial Liabilities										
Borrowings - non-current	635.15	703.07	1,187.86	Amortised cost	Level 3	Level 3	Level 3	635.15	703.07	1,187.86
Borrowings - current	2,001.48	1,440.88	2,357.01	Amortised cost	Level 3	Level 3	Level 3	2,001.48	1,440.88	2,357.01
Trade Payables	3,032.55	3,118.71	1,678.31	Amortised cost	Level 3	Level 3	Level 3	3,032.55	3,118.71	1,678.31
Other Financial Liabilities	742.50	722.25	584.37	Amortised cost	Level 3	Level 3	Level 3	742.50	722.25	584.37
Total	6,411.68	5,984.91	5,807.55					6,411.68	5,984.91	5,807.55

NOTE 38: FINANCIAL RISK MANAGEMENT

Risk management framework

The Group has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework. The Group has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Group.

The audit committee of the holding company also oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's activities expose it to market risk, liquidity risk and credit risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

This note explains the sources of risk to which the Group is exposed to and how the entity manages the risk.

(A) Credit risk

Trade and Other receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. In monitoring customer credit risk, customers are Grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customers. Outstanding customers are regularly monitored.

On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss. The Group computes the expected credit loss allowance as per simplified approach for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer and the Group's historical experience for customers. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is based on the ageing of the receivable days and the rates as given in the provision matrix.

The movement in the loss allowance in respect of trade and other receivables during the year was as follows

Loss allowance on trade receivables	Amount
Balance as at April 1, 2016	370.85
Less: Utilised during the year	(11.24)
Add: Provision during the year	300.17
Balance as at March 31, 2017	659.78
Less: Utilised during the year	(14.82)
Add: Provision during the year	170.00
Balance as at March 31, 2018	814.96

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(B) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft/ cash credit facility. The group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities. The group has access to a sufficient sources of short term funding with existing lenders that could be arranged upon should there be need.

(i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Contractual maturities of financial liabilities	Carrying value	1 year or less	1-2 years	2- 5 years	Total
March 31, 2018					
Non-derivatives financial liabilities					
Borrowings - non-current	635.15	-	231.44	462.82	694.26
Borrowings - current	2,001.48	2,001.48	-	-	2,001.48
Trade payables	3,032.55	3,032.55	-	-	3,032.55
Other financial liabilities	742.50	742.50	-	-	742.50
Total	6,411.68	5,776.53	231.44	462.82	6,470.79

Contractual maturities of financial liabilities	Carrying value	1 year or less	1-2 years	2- 5 years	Total
March 31, 2017					
Non-derivatives financial liabilities					
Borrowings - non-current	703.07	-	241.33	498.17	739.50
Borrowings - current	1,440.88	1,440.88	-	-	1,440.88
Trade payables	3,118.71	3,118.71	-	-	3,118.71
Other financial liabilities	722.25	722.25	-	-	722.25
Total	5,984.90	5,281.84	241.33	498.17	6,021.34

Contractual maturities of financial liabilities	Carrying value	1 year or less	1-2 years	2- 5 years	Total
April 1, 2016					
Non-derivatives financial liabilities					
Borrowings - non-current	1,187.86	-	501.73	759.98	1,261.71
Borrowings - current	2,357.01	2,357.01	-	-	2,357.01
Trade payables	1,678.31	1,678.31	-	-	1,678.31
Other financial liabilities	584.37	584.37	-	-	584.37
Total	5,807.55	4,619.69	501.73	759.98	5,881.40

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The group is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(i) Foreign currency risk

The group is subject to risk of changes in foreign currency values that impact costs of imported raw material and import of equipment for expansion of plants, primarily with respect to USD and EURO. The group's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations.

The group has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2018, March 31, 2017 and 1st April 2016.

(a) The group unhedged exposure to foreign currency risk are as follows

Sr no	Particulars	Currency	March 31, 2018		March 31, 2017		April 1, 2016	
			INR	Foreign currency	INR	Foreign currency	INR	Foreign currency
A	Financial assets							
	(i) Trade receivables	USD	74.36	1.15	1.01	0.02	19.65	0.30
B	Financial liabilities							
	(i) Foreign currency loan							
	Bank loan	USD	628.76	9.67	783.47	12.08	961.83	14.50
	Interest Payable	USD	12.69	0.20	13.19	0.20	15.24	0.23
	(ii) Trade payables	USD	0.47	0.01	80.97	1.25	-	-
		EURO	19.82	0.25	13.89	0.20	2.88	0.04
		GBP			0.01	0.01	0.01	0.01
		AUD	4.62	0.09			-	-
		CHF	0.38	0.01	0.08	0.01	-	-

(b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
Mar-18				
Effect in INR				
1 % movement				
USD	5.68	(5.68)	5.68	(5.68)
EUR	0.20	(0.20)	0.20	(0.20)
AUD	0.05	(0.05)	0.05	(0.05)
CHF	0.00	(0.00)	0.00	(0.00)
Mar-17				
Effect in INR				
1 % movement				
USD	8.77	(8.77)	8.77	(8.77)
EUR	0.14	(0.14)	0.14	(0.14)
GBP	0.00	(0.00)	0.00	(0.00)
CHF	0.00	(0.00)	0.00	(0.00)

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The group main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

The group's borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Variable rate borrowings	2,901.36	2,575.19	3,791.92
Fixed rate borrowings	10.17	38.49	83.11
Total borrowings	2,911.53	2,613.68	3,875.03

(b) Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Impact on profit/(loss) - Increase / (Decrease) in profit	
	March 31, 2018	March 31, 2017
Interest rates – increase by 100 basis points *	(29.01)	(25.75)
Interest rates – decrease by 100 basis points *	29.01	25.75

* Holding all other variables constant

NOTE 39: CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Group's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust its dividend payment (refer note 18) ratio to shareholders, return capital to shareholders or issue fresh shares.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Group's adjusted net debt to equity ratio at March 31, 2018 was as follows.

(All figures are in ₹ million unless otherwise stated)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Borrowings			
Long term and Short term borrowings	2,636.63	2,143.95	3,544.87
Current maturities of Long term borrowings	274.90	469.72	330.17
Less: cash and cash equivalents	(310.01)	(411.19)	(51.62)
Adjusted net debt	2,601.52	2,202.49	3,823.42
Total Equity	7,121.63	6,248.63	3,331.94
Adjusted net equity	7,121.63	6,248.63	3,331.94
Adjusted net debt to adjusted equity ratio	0.37	0.18	1.01

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year.

NOTE 40: EMPLOYEE BENEFITS

A. Defined Benefit Plan- Gratuity

The holding company and its Indian subsidiary has an obligation towards gratuity, a defined benefit obligation. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The holding Company gratuity plan is funded with an Insurance company, whereas that of subsidiary is unfunded.

The actuarial valuation of the defined benefit obligation was carried out at the balance sheet date. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

These plans typically expose the Group to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based in government bonds. If bond yield fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

Based on the actuarial valuation obtained in respect of gratuity, the following table sets out the details of the employee benefit obligation as at balance sheet date:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Defined benefit plans		
I Expenses recognised in statement of profit and loss during the year:		
Current Service Cost	7.75	4.31
Past Service Cost	2.37	-
Interest cost on benefit obligation	2.38	1.37
Expected return on plan assets	(1.10)	(1.17)
Total Expenses	11.40	4.51
II Expenses recognised in OCI		
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(1.24)	2.09
Actuarial (Gain)/ Losses due to Experience on DBO	6.34	7.94
Return on Plan Assets (Greater) / Less than Discount rate	(0.44)	1.17
Total Expenses	4.66	11.20
III Net Asset /(Liability) recognised as at balance sheet date:		
Present value of defined benefit obligation	(50.86)	(35.31)
Fair Value of Plan Assets	17.36	16.87
Funded status [Surplus/(Deficit)]	(33.50)	(18.44)
IV Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	35.31	19.74
Current Service Cost	7.75	4.31
Past service cost	2.37	-
Interest Cost	2.45	1.37
Actuarial (Gain)/Loss	5.10	10.03
Benefits paid	(2.12)	(0.14)
Present value of defined benefit obligation at the end of the year	50.86	35.31

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Defined benefit plans	For the year ended March 31, 2018	For the year ended March 31, 2017
V Movements in fair value of the plan assets		
Opening fair value of plan assets	16.87	16.87
Expected returns on Plan Assets	1.17	1.17
Actuarial (Gain)/Loss on Plan assets	0.44	(1.17)
Contribution from Employer	1.00	0.14
Benefits paid	(2.12)	(0.14)
Closing fair value of the plan asset	17.36	16.87
VI Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	10.00	5.39
Between 1 to 5 years	26.70	15.07
Between 5 to 10 years	14.17	9.72
Over 10 years	-	5.13
VII Quantitative sensitivity analysis for significant assumptions is as below:		
Increase/(decrease) on present value of defined benefit obligation at the end of the year		
(i) +100 basis points increase in discount rate	(1.13)	(1.22)
(i) -100 basis points decrease in discount rate	3.73	3.23
(iii) +100 basis points increase in rate of salary increase	3.71	2.89
(iv) -100 basis points decrease in rate of salary increase	(1.17)	(0.95)

2 Sensitivity analysis method

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

VIII Actuarial Assumptions: (Parag)	As at March 31, 2018	As at March 31, 2017
1 Discount rate	7.45%-7.50%	6.95% - 7.00%
2 Expected return on assets	7.45%	6.95%
3 Expected rate of salary increase	6.00% - 7% p.a	6.00% - 7% p.a
4 Withdrawal rate	12.00% - 14.00%	12.00% - 14.00%
5 Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

- The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.
- The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The gratuity fund of holding Company is managed by life insurance company, details of fund invested by insurer are not available with company.
- The Company expects to make a contribution of ₹ 9.83 million to the defined benefit plans (gratuity - funded) during the next financial year.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

B. Defined contribution plan

The Group has recognised an amount of ₹ 31.93 million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

(All figures are in ₹ million unless otherwise stated)

Benefit/Contribution to	As at March 31, 2018	As at March 31, 2017
Provident Fund	27.47	21.97
National Pension Scheme	0.97	0.50
Employees State Insurance	3.45	2.03
Labour Welfare Fund	0.03	0.03
Total	31.92	24.53

NOTE 41: CONTINGENT LIABILITIES

(All figures are in ₹ million unless otherwise stated)

Sr no	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
a)	Guarantees given by banks on behalf of the Group	5.62	50.10	9.72
b)	Sales tax matter under litigation in respect of Company for FY.2006-07, FY 2009-10 and F.Y. 2010-11 for pending F forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	76.32	67.35	83.32
c)	Claim against the Company not acknowledge as debt in relation to claim made by France International Trade, Rennes, vide Special Civil Suit No. 692/2012 dated March 07, 2012 in the Court of Honourable Civil Judge, Senior Division, Pune for damaged goods supplied by the holding Company. The amount includes interest of ₹ 20.37 million	70.68	70.68	70.68
d)	Income tax matter under litigation for the AY 2012-13 to AY 2016-17	282.12	135.33	56.55
e)	Duty Liability under advance license scheme	12.91	135.68	62.75
f)	Income tax matter under litigation of the subsidiary company	0.47	0.47	20.51

- The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any, for ongoing issues where no claims have been made against the Group.
- Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

NOTE 42: COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period net of capital advance amounting ₹ 192.42 million (March 31, 2017: ₹ 288.52 million and April 1, 2016: 170.06 million) but not recognised as liabilities.

Other commitments

For commitments in respect of non-cancellable leases refer Note 44

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 43: RELATED PARTY DISCLOSURES

Related party transactions for the period April 1, 2017 to March 31, 2018

Details of related parties:

Description of relationship	Name of the related parties
Key Management Personnel (KMP) of Holding Company	Mr. Devendra Shah – Chairman
	Mr. Pritam Shah – Director
	Mr. Vimal Agarwal - CFO (w.e.f. Dec 21, 2017)
	Mr. Bharat Kedia – CFO (till July 11 2017)
	Mr. Nitin R. Dhavalikar - Director
	Mr. Radhika Pereira - Director
	Mr. Narendra Ambwani - Director
	Mr. Ramesh Chandak - Director
	Mr. B. M. Vyas - Director
	Mr. Sunil Goyal - Director
Relative of Key Management Personnel	Late Mr. Parag Shah
	Mr. Prakash Shah
	Miss. Akshali Shah
	Mrs. Priti Shah
	Mrs. Netra Shah
	Mrs. Prity Kedia (till July 11, 2017)
Entity in which KMP can exercise significant influence	Bharat Trading Company
	SBM Advisors LLP

Details of related party transactions for the year ended on March 31, 2018:

Particulars	March 31, 2018	March 31, 2017
Purchase of Goods		
Bharat Trading Company	13.53	10.14
Devendra Shah	0.78	0.58
Sale of Goods		
Devendra Shah	0.09	0.06
Remuneration to Key Management Personnel and their relatives *		
Devendra Shah	24.00	21.00
Pritam Shah	24.00	20.70
Vimal Agarwal	2.76	-
Bharat kedia	6.34	8.94
Akshali Shah	2.66	1.86

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	March 31, 2018	March 31, 2017
Rent Payment		
Devendra Shah	3.39	3.39
Pritam Shah	0.45	0.45
Priti Shah	0.39	0.39
Netra Shah	0.39	0.39
Prity kedia	-	0.96
Interest expense		
Devendra Shah	1.43	-
Pritam Shah	7.08	-
Consultancy Charges		
Parag Shah	-	1.80
B.M. Vyas	9.80	9.61
SBM Advisors LLP	2.83	-
Reimbursement of expenses KMP		
Devendra Shah	2.57	2.79
Pritam Shah	0.48	0.14
Director sitting fees		
Nitin R. Dhavalikar	1.10	1.00
Radhika Pereira	0.80	0.70
Narendra Ambwani	1.00	0.50
Ramesh Chandak	0.90	0.30
Repayment of Non convertible debenture		
Devendra Shah	30.00	-
Pritam Shah	150.00	-
Loan taken from		
Devendra Shah	30.00	-
Pritam Shah	150.00	-
Loan repaid to		
Devendra Shah	30.00	-
Pritam Shah	150.00	-

The remuneration to the key managerial personnel comprises of only short term benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis at an entity level. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

Details of balances outstanding as at March 31, 2018 for related party transactions

(All figures are in ₹ million unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Amount Payable to			
Devendra Shah	1.90	2.43	0.50
Pritam Shah	8.22	1.48	0.73
Bharat Trading Company	3.55	1.64	1.98

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(All figures are in ₹ million unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Parag Shah	0.26	0.26	-
Non Convertible debenture			
Devendra Shah	-	30.00	30.00
Pritam Shah	-	150.00	150.00
Personal guarantee issued by			
Devendra Shah, Pritam Shah, Parag Shah, Prakash Shah, Netra Shah and Priti Shah	5,215.86	4,792.88	4,679.52

NOTE 44: OPERATING LEASES :

The Group has entered into commercial leases for taking office spaces on lease. These leases have an average term of three to five years with renewal option and escalation clauses included in the agreements. There are no restrictions placed upon the Company by entering into these leases. The Company has not given any sub lease during the year. Some of the lease arrangements also include a non-cancellable period. Lease rental debited to Statement of Profit and Loss for the period is ₹ 161.15 million (March 31, 2017: ₹ 90.69 millions).

Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:

(All figures are in ₹ million unless otherwise stated)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Lease rentals due		
Not later than one year	11.39	18.85
Later than one year and not later than five years	3.88	15.27
Later than five years	-	-

NOTE 45 : DISCLOSURE UNDER MICRO, SMALL, AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 :

(All figures are in ₹ million unless otherwise stated)

Particulars	2017-2018	2016-2017
a) Principal amount due to suppliers under MSMED Act, 2006	17.92	22.42
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	0.99	2.34
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	43.43	167.54
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	0.99	2.34
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	0.99	2.34

Note: The above information is given to the extent available with the Group and relied upon by the auditor.

NOTE 46: EARNINGS PER SHARE

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit/(Loss) attributable to Equity shareholders (₹ in million)(A)	870.56	47.56
Weighted average number of Equity shares (Nos) for basic EPS (B)	83,887,582	82,359,563
Effect of Dilution :		
Weighted average number of Treasury shares held through ESOP Trust	227,000	227,000
Weighted average number of Equity shares (Nos) adjusted for the effect of dilution (C)	84,114,582	82,586,563
Basic EPS (Amount in ₹) (A/B) (₹)	10.38	0.58
Diluted EPS*(Amount in ₹) (A/C) (₹)	10.35	0.58

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Basic: Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares held as treasury shares.

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.

NOTE 47: SEGMENT REPORTING

The Managing Director of the holding Company acts as the chief operating decision maker (CODM) of the Group Companies in accordance with Operating Segment (Ind AS 108), for purpose of assessing the financial performance and position of the group, and make strategic decisions. The group's business activities are mainly related to processing of milk and manufacturing of milk related products, which are primarily assessed as a single reportable operating segment in accordance with Ind AS 108 by the CODM.

The information based on geographical areas in relation to revenue and non-current assets are as below:

Revenue from operations

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Within India	18,948.63	16,739.17
Outside India	596.43	568.22
Total	19,545.06	17,307.39

Non-current operating assets

All non –current assets other than financial instruments, deferred tax assets of the group are located in India

The group does not have revenues from transactions with a single external customer amount to 10 percent or more of the total revenues.

NOTE 48 : BIOLOGICAL ASSETS

A Nature of Activities

The subsidiary Company's biological assets comprises of livestock (dairy cows).

Livestock is measured at fair value less costs to sell, with any resulting gain or loss recognized in the statement of profit and loss.

The subsidiary Company's livestock comprises of both mature and immature livestock.

Immature livestock comprises dairy cows that are intended to be reared to maturity. These cows are held to produce milk or offspring, but have not yet produced their first calf and begun milk production.

Mature livestock includes dairy cows that have produced their first calf and begun milk production.

Other livestock comprises of cows that are going through the dry phase of their life cycle.

Particulars	Year Ended March 31, 2018 (Heads)	Year Ended March 31, 2017 (Heads)	Year Ended March 31, 2016 (Heads)
Immature cows	670	818	942
Mature cows	1119	1010	1023
Other cows	249	218	331
Total	2038	2046	2296
Total milk production(In Ltrs)	6,982,478	6,788,934	6,497,728

The subsidiary Company is exposed to fair value risks arising from changes in price of raw milk. The Company does not anticipate that the price of the raw milk will further decline significantly in the foreseeable future and the Company is of the view that there is no available derivative or other contracts which the Company can enter into to manage the risk of a decline in the price of the raw milk.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

B FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended April 1, 2016	Fair Value Hierarchy
Livestock (Cow)	290.87	251.93	232.01	Level 3

Valuation Technique used in the Fair Value Measurement

Particulars	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Livestock (Milking cows)	The fair values of dairy cows is determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such dairy cows.	- Estimated feeding cost/ milking cow - Estimated milk yield/ milking cow - Estimated weighted average selling price of milk / Litre - Discount rate	- Estimated feeding cost/ milking cow increase by 1% would reduce the fair valuation by 8.09 and 7.37 as of March 31, 2018 and 2017. - Estimated milk yield/ milking cow increase by 1% would increase the fair valuation by 13.18 and 6.91 as of March 31, 2018 and 2017. - Estimated weighted average selling price of milk / Litre increase by ₹ 1/ litre would increase the fair valuation by 22.68 and 21.53 as of March 31, 2018 and 2017. - Discount rate increase by 1 % would reduce the fair valuation by 8.22 and 5.70 as of March 31, 2018 and 2017.

The Group is exposed to a number of risks relating to its agricultural activities:

- Regulatory and environmental**

The Group is subject to various local laws and regulations, and it has established policies and procedures aimed at ensuring compliance with the same.

- Supply and demand**

The Group is exposed to the risk arising from fluctuations in milk prices. The Company does not anticipate that the price of the raw milk will decline significantly in the foreseeable future. Further, there are no available derivatives or other contracts available in the market for managing such risk.

- Climate and other risks**

The subsidiary Company's livestock is exposed to risk of adverse climatic conditions and diseases etc. The Company has extensive processes in place to address the risk by having an in-house veterinary doctor and dispensary, regular health checkups of livestock cattle. The Company also has taken an insurance cover for its livestock.

NOTE 49: DISCLOSURE ON CSR EXPENSES

(All figures are in ₹ million unless otherwise stated)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Gross amount required to be spent by the Group during the period.	7.91	7.99
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above		
In Cash	8.05	12.36
Yet To be Paid in Cash	-	0.02

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

NOTE 50: EMPLOYEE STOCK OPTION SCHEME:

The Board of Directors constituted the equity settled Employee Stock Option Scheme ("ESOS 2015") vide its resolutions dated February 27, 2015 and April 21, 2015 for issue of 696,339 stock options to the key employees of the holding Company, which has been further approved in the Company's Extra ordinary General meeting dated April 3, 2015 and May 16, 2015.

Pursuant to the above scheme, the Board of Directors vide its circular resolution dated September 3, 2015, approved grant of 227,000 stock options to its employees on September 4, 2015.

According to ESOP 2015, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 years. The other relevant terms of the grant are as below

Vesting Period	1 years
Exercise Period	2 Years
Expected Life	3 Years
Exercise Price	₹ 250.00
Fair value using Black Scholes model on grant date	₹ 73.86
Date of grant	3-Sep-15

The details of activity under ESOS 2015 are summarized below:

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	-	-	227,000	250
Granted during the year	-	-	-	-
Forfeited during the year	-	-	100,073	250
Exercised during the year	-	-	-	-
Exercisable/ Vested during the year	-	-	126,927	250
Outstanding at the end of the year	-	-	-	-

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Dividend yield (%)		
Expected volatility	41.71%	41.71%
Risk-free interest rate	7.54%	7.54%
Weighted average share price	250	250
Exercise price (₹)	250	250
Expected life of options granted in years	3	3
Life of option remaining in months	5	17

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Expenses Arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Employee option Plans	-	7.17

NOTE 51: STATEMENT OF IPO PROCEEDS

Particulars	Amount as per prospectus	Amount to be utilised
Gross proceeds of the fresh issue	3,000.00	3,000.00
Less: Fresh issue expenses	212.00	159.83
Net proceeds of the fresh issue	2,788.00	2,840.17

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	Amount utilised up March 31, 2018	Pending utilisation	Amount utilised up March 31, 2017	Pending utilisation
Expansion and modernisation of Plant	1,153.27	323.74	730.48	746.53
Investment in subsidiary for financing the capital expenditure requirements in relation to expansion and modernisation of Bhagalaxmi Dairy Farms	10.45	12.54	4.56	18.43
Partial repayment of working capital consortium loan	1,000.00	-	1,000.00	-
General corporate purposes	340.17	-	284.05	-
Total	2,503.89	336.28	2,019.09	764.96

NOTE 52 : STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND NON CONTROLLING INTEREST

Name of Entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income/(loss)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
holding								
Parag Milk Foods Ltd	100.65%	7,167.90	90.15%	784.80	99.36%	(3.03)	90.11%	781.77
Sub-total	100.65%	7,167.90	90.15%	784.80	99.36%	(3.03)	90.11%	781.77
Subsidiary (Indian)								
Bhagalaxmi Dairy Farm Private Limited	-0.65%	(46.25)	9.85%	85.78	0.64%	(0.02)	9.89%	85.76
Sub-total	-0.65%	(46.25)	9.85%	85.78	0.64%	(0.02)	9.89%	85.76
Total	100.00%	7,121.55	100.00%	870.58	100.00%	(3.05)	100.00%	867.53

NOTE 53: TRANSITION TO IND AS

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance with Accounting Standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP'). Detailed explanation on how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and cash flows is given as under.

Optional exemptions availed and mandatory exemptions

In preparing these financial statements the Company has applied the below mentioned optional exemptions and mandatory exemptions.

A Optional exemptions availed

1 Property, plant and equipment and intangible assets:

IND AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38.

Accordingly, the group has elected to measure all of its property, plant and equipment and intangible assets.

2 Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The Company has chosen to continue this option provided under para D13AA of Ind AS 101.

3 Employee stock option

Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 1, 2016 in accordance with the option provided under para D2 and D3 of Ind AS 101.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

4 Fair value measurement of financial assets or financial liabilities at initial recognition

The Group has elected to apply the requirements of Ind AS 109 "Financial Instruments" relating to accounting of day one gains or losses prospectively to transactions occurring on or after the date of transition for the financial instruments where there is no active market as provided under para D20 of Ind AS 101. Accordingly, 0% Non-Convertible Debentures issued to promoters of the Company in earlier years, have not been fair valued as on transition date and continued at carrying value.

B Mandatory exemptions

1 Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as the same date made in conformity with previous GAAP, unless if those estimates were not required to be made under previous GAAP.

2 Derecognition of financial assets and liabilities:

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financials Instruments, prospectively for transaction occurring on or after date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from the date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transaction was obtained at the time initially accounting for those transactions.

The Group has elected to apply the derecognition principal of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

3 Classification of financial assets:

As per the requirements of Ind AS 101 the Company has assessed classification of financial assets on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

NOTE 54: TRANSITION TO IND AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for comparative periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

I Reconciliation of equity as at date of transition (April 1, 2016)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		3,211.96	-	3,211.96
Capital Work in progress		232.67	-	232.67
Other intangible assets		3.42	-	3.42
Intangible assets under development		45.48	-	45.48
Biological Asset		232.01	-	232.01
Investment in subsidiary				
Financial assets				
Loans		2.66	-	2.66
Investments		0.06	-	0.06
Other financial assets		91.38	-	91.38
Deferred tax assets (Net)		13.90	-	13.90
Other non-current assets		74.11	-	74.11
Total non-current assets		3,907.65	-	3,907.65
Current assets				
Inventories		2,724.26	-	2,724.26
Financial assets				
Trade receivables	a.	2,359.92	(200.00)	2,159.92
Cash and cash equivalents		51.61	0.01	51.62
Other bank balances		25.21	-	25.21
Other current assets	I & h	789.52	(142.01)	647.51
Current Tax Asset		1.54	-	1.54
Total current assets		5,952.06	(342.00)	5,610.06
Total assets		9,859.71	(342.00)	9,517.71

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		704.16	(2.27)	701.89
Other equity	a to g, i to j	2,903.54	(273.49)	2,630.05
Total equity		3,607.70	(275.76)	3,331.94
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	g.	1,198.35	(10.49)	1,187.86
Other Liabilities		120.00	-	120.00
Provisions		6.11	-	6.11
Deferred tax liabilities (Net)	c.	70.79	(70.79)	-
Total non-current liabilities		1,395.25	(81.28)	1,313.97
Current liabilities				
Financial liabilities				
Borrowings		2,357.01	-	2,357.01
Trade payables		1,678.31	-	1,678.31
Other financial liabilities	f.	569.34	15.03	584.37
Other current liabilities		210.33	-	210.33
Provisions		3.64	-	3.64
Current tax liabilities (Net)		38.14	-	38.14
Total current liabilities		4,856.77	15.03	4,871.80
Total equity and liabilities		9,859.71	(342.00)	9,517.71

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

II Reconciliation of equity as at date March 31, 2017

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		3,330.93	-	3,330.93
Capital Work in progress		164.25	-	164.25
Other intangible assets		4.99	-	4.99
Intangible assets under development		42.27	-	42.27
Biological Asset		251.93	-	251.93
Financial assets				
Loans		3.19	-	3.19
Investments		0.06	-	0.06
Other financial assets	g.	134.05	(1.76)	132.29
Deferred tax assets (Net)		91.90	-	91.90
Other non-current assets		479.02	-	479.02
Total non-current assets		4,502.59	(1.76)	4,500.83
Current assets				
Inventories		4,285.18	-	4,285.18
Financial assets				
Trade receivables	a.	2,150.20	(400.00)	1,750.20
Cash and cash equivalents	h.	411.18	0.01	411.19
Other bank balances		597.31	-	597.31
Other current assets		1,268.34	(55.06)	1,213.28
Current Tax Asset		111.76	-	111.76
Total current assets		8,823.97	(455.05)	8,368.92
Total assets		13,326.56	(456.81)	12,869.75

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

EQUITY AND LIABILITIES				
Equity				
Equity share capital		841.15	(2.27)	838.88
Other equity	a to g, i to j	5,722.58	(312.83)	5,409.75
Total equity		6,563.73	(315.10)	6,248.63
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	b.	713.25	(10.18)	703.07
Other Liabilities		120.00	-	120.00
Provisions		15.59	-	15.59
Deferred tax liabilities (Net)	c.	136.73	(136.73)	-
Total non-current liabilities		985.57	(146.91)	838.66
Current liabilities				
Financial liabilities				
Borrowings		1,440.88	-	1,440.88
Trade payables		3,118.71	-	3,118.71
Other financial liabilities	f.	717.05	5.20	722.25
Other current liabilities		485.28	-	485.28
Provisions		15.34	-	15.34
Total current liabilities		5,777.26	5.20	5,782.46
Total equity and liabilities		13,326.56	(456.81)	12,869.75

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

III Reconciliation of total comprehensive income for the year ended March 31, 2017

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
Continuing operations				
Revenue from operations		17,307.39	-	17,307.39
Other income	f. & g.	109.87	19.03	128.90
Total income		17,417.26	19.03	17,436.29
Expenses				
Cost of materials consumed		13,405.90	(0.01)	13,405.89
Purchases of stock-in-trade		734.41	-	734.41
Change in inventories of work-in-progress and finished goods		(1,552.04)	-	(1,552.04)
Employee benefit expense	d. & e.	672.90	(4.03)	668.87
Finance costs	b.	332.76	0.31	333.07
Depreciation and amortisation expense		489.64		489.64
Other expenses	a. & g.	2,973.57	200.26	3,173.83
Total expenses		17,057.14	196.53	17,253.67
Profit before exceptional items and tax		360.12	(177.50)	182.62
Exceptional items		(193.84)	-	(193.84)
Profit/(Loss) before tax		166.28	(177.50)	(11.22)
Income tax expense				
Current tax		14.91	10.75	25.66
Deferred tax	c.	(10.89)	(73.55)	(84.44)
Total tax expense		4.02	(62.80)	(58.78)
Profit for the year		162.26	(114.70)	47.56

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	Notes to first-time adoption	Previous GAAP *	Adjustments	Ind AS
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of Defined Benefit scheme	e.	-	(11.20)	(11.20)
Income tax relating to items that will not be reclassified to profit or loss	c.	-	3.86	3.86
Total Other comprehensive income		-	(7.34)	(7.34)
Total comprehensive income		162.26	(122.04)	40.22

IV Impact of Ind AS adoption on the statements of cash flows for the year ended March 31, 2017

Particulars	Notes	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities		682.69	(848.36)	(165.67)
Net cash flow from investing activities		(1,532.87)	659.37	(873.50)
Net cash flow from financing activities		1,209.75	189.00	1,398.74
Net increase/(decrease) in cash and cash equivalents		359.56	0.01	359.57
Cash and cash equivalents as at April 1, 2016		51.62	0.00	51.62
Effects of exchange rate changes on cash and cash equivalents				
Cash and cash equivalents as at March 31, 2017		411.18	0.01	411.19

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

Notes to reconciliation

a. Trade receivable: ECL provision

Under Indian GAAP, the Company has created provision for impairment of receivables which consists only in respect of specific amount for probable losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss (ECL) model. Due to ECL model, the Company impaired its trade receivable by ₹ 130.78 million (net of related deferred tax) on April 1, 2016 which has been eliminated against other equity and ₹ 130.78 million (net of deferred tax) during the year ended March 31, 2017 which has been charged to the statement of profit and loss.

b. Borrowings: Transaction cost

Under Previous GAAP, the Company had recognised transaction costs incurred in respect of borrowings in the Statement of Profit and Loss in the year in which costs were incurred. Under Ind AS 109, such transaction costs are adjusted against carrying value of borrowing and are amortised using effective interest rate method over the tenure of the loan. Accordingly loan were debited and corresponding credit was given to retained earnings on date of transition. Under Ind AS, finance cost has been charged to statement of profit and loss for amortisation of such transaction cost during the year ended March 31, 2017.

c. Deferred tax assets

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognized in correlation to the underlying transaction either in retained earnings or a separate component in equity.

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on 'Accounting for Credit available in respect of MAT under the Income Tax Act, 1961' issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss. Accordingly, the Company has reclassified the MAT credit entitlement from loans and advances to deferred tax assets.

d. Share based payments

Under Indian GAAP, the Company recognized only the intrinsic value for employee stock option plan as an expense. Under Ind AS, the Company is required to determine the fair value of share options using an appropriate model at grant date and recognized over the vesting period. Accordingly, the same has been recognized as a separate component of equity in Employee Stock Option outstanding (ESOP) as at April 1, 2016 and as an expense has also been recognized for the same during the year ended March 31, 2017. Adjustment has been done to take additional charge arising due to change from intrinsic value to fair value of ESOSs outstanding.

Notes

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

e. Remeasure of actuarial gains/ (losses)

Under Ind AS, remeasurement i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the interest expenses on the net defined liability are recognised in other comprehensive income instead of statement of Profit and Loss. Under the previous IGAAP, these reimbursements were forming part of the profit and loss for the year. There is no impact on total equity as at March 31, 2017 on account of this.

Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

f. Financial Guarantees contract:

Under Ind AS, the Company has recognised fair value of financial guarantee provided to its subsidiary company. The fair value of such guarantee as at April 01, 2016 has been recognised as additional capital investment in its subsidiary Company and is amortised over tenure of the guarantee. The impact of amortisation of such fair value of guarantee has been recognised in the statement of profit and loss as interest income for the year ended March 31, 2017. Under I-GAAP financial guarantee given was disclosed as contingent liabilities.

g. Interest free security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent.

h. Look through approach for employee welfare trust

Employee welfare trust, financed through interest free loan by the Company and warehousing the shares which have not vested yet, for distribution to employees of the Company, has been consolidated on line by line basis by reducing from equity share capital and security premium of the Company for such treasury shares held by the trust.

i. IPO related expenses:

Under the previous GAAP, expenses incurred by the Company aggregating to ₹ 85.25 million in connection with filing of Draft Red Herring Prospectus and other related expenses were shown under Other current assets. Under Ind AS the same is considered as incremental costs directly attributable to the equity transaction and hence the same has been adjusted against other equity.

j. Fair Valuation of Livestock:

Ind AS 41 - Biological Asset requires all the Livestock to be recorded at fair value. The Biological assets are recorded at fair value on 1st, April 2016 (i.e. transition date) and March 31, 2017.

k. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of Profit and Loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

NOTE 55: EXCEPTIONAL ITEM

Exceptional items during the year ended March 31, 2017 represent VAT tax liability for previous years and interest thereon in respect of inspection conducted by VAT authorities during the year, wherein certain transactions were identified which were to be considered as local sales instead of interstate transfer.

NOTE 56:

The holding company has acquired the Danone Foods and Beverages India Pvt Ltd.'s manufacturing facility of Curd, Yogurt and other related products at Rai, Sonipat, Haryana near Delhi through agreement to sell dated April 18, 2018 for ₹ 141 Mn.

NOTE 57:

Previous period/year figures have been regrouped/reclassified wherever necessary to correspond with the current period/year classification / disclosure.

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W/ W100048

Anup Mundhra

Partner

Membership No. 061083

Place: Mumbai

Date: 09 May, 2018

For and on behalf of the Board of Directors

Devendra Shah

Chairman

DIN: 01127319

Vimal Agarwal

Chief Financial Officer

Place: Mumbai

Date: 09 May, 2018

Pritam Shah

Managing Director

DIN: 01127247

Rachana Sangneria

Company Secretary & Compliance Officer

PARAG MILK FOODS LIMITED

CIN: L15204PN1992PLC070209

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

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

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

NOTICE

NOTICE is hereby given that the **Twenty Sixth Annual General Meeting** ("AGM") of the Members of **Parag Milk Foods Limited** (the "Company") will be held on **Wednesday, 19 September, 2018 at 11.30 A.M.** at Mahratta Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, A Wing, 5th Floor, Navalmal Firodia Seminar Hall, Senapati Bapat Road, Pune 411016, to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (including the Audited Consolidated Financial Statements) of the Company for the financial year ended 31 March, 2018, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare Final Dividend on equity shares at the rate of ₹ 0.75/- per equity share for the financial year ended 31 March, 2018.
3. To appoint a Director in place of Mr. B. M. Vyas (DIN: 00043804), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To re-appoint Mr. Pritam Shah (DIN: 01127247) as the Managing Director and Key Managerial Personnel (KMP) of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any amendment, statutory modification(s), variation or re-enactment thereof for the time being in force), and the Articles of Association of the Company, and in terms of recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors of the Company and subject to approval from any regulators, if required, consent of the Members be and is hereby accorded, to re-appoint Mr. Pritam Shah (DIN: 01127247) as Managing Director and Key Managerial Personnel of the Company for a further term of 5 (Five) years with effect from 01 April, 2018 till 31 March, 2023 on the terms and conditions as set-out in the Explanatory Statement annexed to this Notice (including the remuneration payable by way of salary, perquisites and allowances, which is within the limits prescribed under Section 197 of the Companies Act, 2013) and he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and are hereby authorised to alter the terms and conditions of appointment and/or increase the remuneration from time to time to the extent the Board of Directors may deem

appropriate, provided that such increase, as the case may be, is within the overall limits as specified under Section 197 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and/ or applicable provisions.

RESOLVED FURTHER THAT in the event of no profits or inadequacy of profits, in any financial year, during the currency of term of the Managing Director, the Company shall pay to the Managing Director such minimum remuneration not exceeding the limit laid down in Schedule V to the Companies Act, 2013, as applicable to the Company or such other limits, as may be prescribed by the Central Government from time to time, which shall be approved by the Board of Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any of the Directors and/or any of the Key Managerial Personnel of the Company for the time being, be and are hereby jointly or severally authorised to do all such acts, deeds, matters and things and take such steps which are necessary, expedient or incidental in this regard."

5. To re-appoint Mr. Devendra Shah (DIN: 01127319) as Whole- Time Director and Key Managerial Personnel (KMP) of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any amendment, statutory modification(s), variation or re-enactment thereof for the time being in force), and the Articles of Association of the Company, and in terms of the recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors of the Company and subject to approval from any regulators, if required, consent of the Members of the Company be and is hereby accorded, to re-appoint Mr. Devendra Shah (DIN: 01127319) as Whole-time Director and Key Managerial Personnel of the Company for a further term of 5 (Five) years with effect from 01 April, 2018 till 31 March, 2023, on the terms and conditions as set-out in the Explanatory Statement annexed to this Notice (including the remuneration payable by way of salary, perquisites and allowances, which is within the limits prescribed under Section 197 of the Companies Act, 2013).

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and, are hereby authorised to alter the terms and conditions of appointment and/or increase the remuneration from time to time to the extent the Board of Directors may deem appropriate, provided that such increase, as the case may be, is within the overall limits as specified under Section 197 read with Schedule V of the Companies Act, 2013 (including any

statutory modification(s) or re-enactment(s) thereof, for the time being in force) and/ or applicable provisions .

RESOLVED FURTHER THAT in the event of no profits or inadequacy of profits, in any financial year, during the currency of term of the Whole time Director, the Company shall pay the Whole- time Director such minimum remuneration not exceeding the limit laid down in Schedule V to the Companies Act, 2013, as applicable to the Company or such other limits, as may be prescribed by the Central Government from time to time, which shall be approved by the Board of Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any of the Directors and/or any of the Key Managerial Personnel of the Company for the time being, be and are hereby jointly or severally authorised to do all such acts, deeds, matters and things and take such steps which are necessary, expedient or incidental in this regard.”

6. To ratify the remuneration of Cost Auditors for the financial year ending 31 March, 2019

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby ratifies and confirms the remuneration not exceeding ₹ 90,000 (Rupees Ninety Thousand Only) and reimbursement of actual out of pocket expenses, as may be incurred by them, in connection with the audit of cost records of the Company, payable to M/s. Harshad S. Deshpande & Associates, Pune, Cost Accountants (Firm Registration No.00378), who were appointed by the Board of Directors as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the financial year ending on 31 March, 2019.

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

7. To ratify Parag Milk Foods Limited “Employee Stock Option Scheme 2015” (ESOS 2015)

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

“RESOLVED THAT in furtherance of and supplementing to the Special Resolution passed by the Shareholders in the Extra-Ordinary General Meeting of the Company, held on 16 May, 2015, and in pursuance to Clause 12 and other applicable provisions, if any, of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) (“SEBI ESOP Regulations”), and provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Memorandum and Articles of Association of the Company, and subject to such other approvals, consents, permissions and sanctions, as may be applicable, including

such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions, “Parag Milk Foods Limited - Employee Stock Option Scheme 2015” (ESOS 2015) formulated and approved prior to the Initial Public Offering (“IPO”) of the Company, be and is hereby, ratified and the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include Compensation Committee already constituted by the Board under Section 178 of the Companies Act, 2013 nomenclature as the Nomination & Remuneration Committee, to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and grant at any time, directly or through a trust, to the eligible permanent employees, existing & future, the directors (including whole-time directors and non-executive directors but excluding independent directors) of the Company, whether working in or outside India, as may be decided by the Board, under the ESOS 2015, up to a maximum of 227,000 options, each option convertible into one fully paid-up equity share of ₹ 10/- each of the Company, on payment of the requisite exercise price to the Company, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board and/or the Nomination and Remuneration Committee in accordance with the ESOS 2015.

RESOLVED FURTHER THAT the Board and/or the Nomination and Remuneration Committee, be and is hereby authorised to do all such acts, as it may in its absolute discretion deem necessary to bring the ESOS 2015 into effect, including to incur any expenses, if any, in relation thereto.

RESOLVED FURTHER THAT subject to applicable laws and any approvals, consents, permissions and sanctions, as may be required, the options may be granted to the eligible employees either directly or through a trust constituted/to be constituted by the Board and/or the Nomination & Remuneration Committee.

RESOLVED FURTHER THAT the equity shares, if any, issued/ allotted upon exercise of options from time to time in accordance with the ESOS 2015, shall rank pari-passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of the shares, on behalf of the Company, the Board and/or the Nomination & Remuneration Committee be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in the ESOS 2015 from time to time or to suspend, withdraw or revive the ESOS 2015, from time to time, as may be specified by any statutory authority or otherwise and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose in conformity with the Companies Act, 2013, the Memorandum and Articles of Association of the Company, the SEBI ESOP Regulations as amended from time to time and any other applicable laws and with power on behalf of the Company, to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board and/or the Nomination & Remuneration Committee to secure any further consent or approval of the shareholders”

8. To approve increase in remuneration of Ms. Akshali Shah VP-Strategy (Sales and Marketing) appointed to an office

or place of profit

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

“RESOLVED THAT pursuant to the provisions of Section 188(1) (f) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 3 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable Articles of Association of the Company, the approval of the Members be and is hereby accorded to enhance the remuneration payable with effect from 1 July, 2018 to Ms. Akshali Shah, relative of Mr. Devendra Shah, Chairman of the Company, holding an office or place of profit within the meaning of Section 188(1) (f) of the Companies Act, 2013 read with Explanation thereto, as VP- Strategy (Sales and Marketing) of the Company, in the manner as set out in the Explanatory Statement annexed to the Notice convening this Meeting, as approved by the Board of Directors upon recommendation made by the Nomination and Remuneration Committee as per the Remuneration Policy of the Company and also approved by the Audit Committee in accordance with the Policy of the Company on Related Party Transactions”

“RESOLVED FURTHER THAT the Board of Directors or Nomination and Remuneration Committee of the Board be and are hereby authorised to change/alter/increase/decrease the terms and conditions/remuneration of Ms. Akshali Shah from time to time subject to such approvals as may be required under the provisions of the Companies Act, 2013”.

“RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company, be and are hereby severally authorized to file requisite forms with the Registrar of Companies and to do all acts, deeds and things in this connection.”

9. Alteration of Articles of Association

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

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) approval of the Members be and is hereby accorded for alteration of the Articles of Association of the Company in the following manner and the Articles be renumbered accordingly, if needed.”

- A. Existing Article 32 be and is hereby substituted with the following new Clause:

“32. QUESTIONS AT GENERAL MEETING HOW DECIDED

- (a) The Chairman shall, at the General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, as provided in Rule 21 of the Companies (Management and Administration) Rules, 2014, as applicable, with the assistance of scrutiniser, by use of ballot or polling paper or by using an electronic voting system for all those Members who are present at the General Meeting but have not cast their votes by availing the remote e-voting facility. The Members who have cast their vote by remote-voting prior to the

meeting may also attend the meeting but shall not be entitled to cast their vote again.

- (b) In the case of equal votes, the Chairman shall have a casting vote in addition to the vote or votes to which he may be entitled as a Shareholder.
- (c) The scrutiniser shall, immediately after the conclusion of voting at the 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 three days of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- (d) No document purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.
- (e) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.”

- B. Existing Article 36 (VI) be and is hereby substituted with the following new Clause:

“36. E-VOTING

(VI) the facility of remote e-voting shall remain open for not less than three days and shall close at 5.00 p.m. on the date preceding the date of the General Meeting”.

- C. Existing Article 49 be and is hereby substituted with the following new Clause:

“49. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

At every Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire by rotation, or, if their number is not three or a multiple of three, the number nearest to one- third shall retire from office, and they will be eligible for re-election. The Managing Director, the Nominee Director (s) and the Debenture Director(s), if any, shall not be counted in determining the number of Directors liable to retire by rotation, subject to compliance of the Act and the Rules made thereunder or any other applicable provisions of Law”

- D. Existing Article 59(a) be and is hereby substituted with the following new Clause:

“59. PROCEEDINGS OF THE BOARD OF DIRECTORS

- (a) There shall be at least 4 (four) Board Meetings in every year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings. Meetings shall be held in Mumbai, or such a place as may be decided by the Board.”

- E. Existing Article 60(a) be and is hereby substituted with the following new Clause:

“60. QUORUM FOR BOARD MEETING

- (a) Quorum for Board Meetings:
Subject to the provisions of Section 174 of the Act, the

quorum for each Board Meeting shall be one third of its total strength or three Directors, whichever is higher, and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum under this sub-section.

If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.”

- F. Existing Article 69 be and is hereby substituted with the following new Clause:

“69. SEAL

- (a) The Board shall provide for the safe custody of the seal.
- (b) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least one director or the secretary or such other person as the Board may appoint for the purpose; and the director or the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.”

- G. New Article 70A be inserted after the existing Article 70:

“70A OPEN TO THE MEMBERS TO WAIVE/FORGO HIS/ THEIR RIGHT TO RECEIVE THE DIVIDEND

- a. Notwithstanding anything contained in this Articles of the Company, but subject to the provisions of the Companies Act, 2013 and all other applicable rules of the statutory authorities and the Rules framed by the Board of Directors of the Company in this behalf as amended from time to time by the Board, it shall be open for the Members of the Company who hold the equity shares in the Company to waive/forgo his/their right to receive the dividend (interim or final) by him/them for any financial year which may be declared or recommended respectively by the Board of Directors of the Company. The waiver/

forgoing by the Members, his/ their right to receive the dividend (interim or final) by him/them under this Article shall be irrevocable immediately after the record date/ book closure date fixed for determining the names of Members entitled for dividend. The Company shall not be entitled to declare or pay and shall not declare or pay dividend on equity shares to such Members who have waived/forgone his/their right to receive the dividend (interim or final) by him/ them under this Article.

- b. The Company may in general meeting, declare a dividend to be paid to the Members, other than the Members who have waived/forgone their right of receiving any dividend (including any interim dividend) declared / to be declared by the Company for any financial year in accordance with the Rules as may be framed by the Board and as amended from time to time, according to their respective rights and interests in the profits and subject to the provisions of the Act, may fix time for payment of the same”

- H. Existing Article 81 be and is hereby substituted with the following new Clause:

“81. INSPECTION BY SHAREHOLDERS

The register of charges, register of investments, register of Shareholders and the minutes of the meetings of the Shareholders shall be kept at the Office of the Company and shall be open, during Business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge. In the event such Shareholder conducting inspection of the above mentioned documents requires extracts of the same, the Company may charge a fee which shall not exceed Rupees ten per page or such other limit as may be prescribed under the Act or other applicable provisions of Law.”

“RESOLVED FURTHER THAT the Board of Directors or Company Secretary of the company be and is hereby authorized to take all such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts and deeds, matters and things as may be deemed necessary to give effect to this resolution.”

By Order of the Board of Directors

Rachana Sangneria

Company Secretary and
Compliance Officer

Place: Mumbai
Date: 06 August, 2018

Registered Office:

Flat No.1, Plot No. 19,
Nav Rajasthan Co. Op. Hsg. Soc,
Behind Ratna Memorial Hospital,
S.B. Road, Shivaji Nagar,
Pune – 411 016 -Maharashtra

NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than 48 hours before the commencement of the AGM.** Proxies submitted on behalf of companies, societies etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding 50 (Fifty) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. Corporate Members intending to send their authorised representative(s) to attend the AGM are requested to send to the Company a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the AGM.
3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("Act") relating to the special business to be transacted at the AGM is annexed hereto. All relevant documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during business hours except on Saturday, Sundays or holidays, up to and including the date of the AGM.
4. The relevant details of Directors retiring by rotation / seeking re-appointment at the ensuing AGM are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.
5. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the register of Members of the Company will be entitled to vote.
6. (a) **The Company has fixed Wednesday, 12 September, 2018 as the "Record Date" for determining entitlement of Members to dividend for the financial year ended 31 March, 2018.**
 (b) The final dividend on equity shares, recommended by the Board, if declared at the AGM, will be paid on or before Thursday, 18 October, 2018, to those Members whose names appear on the Company's Register of Members on the Record Date, in respect of the shares held in dematerialised mode, the dividend will be paid to Members whose names are furnished by National Securities Depository Limited (NSDL and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.
7. The Company's Registrar & Transfer Agent ("R&TA") for its share registry (both, physical as well as electronic) is Karvy Computershare Private Limited ("Karvy") having its office at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032 (Unit: Parag Milk Foods Limited).
8. Pursuant to Section 91 of the Act, Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, 13 September, 2018 to Wednesday, 19 September, 2018**, (both days inclusive) for the purpose of the AGM.
9. The Register of Directors and Key Managerial Personnel and their shareholdings, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Act, will be made available for inspection by the Members at the AGM.
10. Members holding shares in electronic mode may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or Karvy cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant (DP) by the Members.
11. Members holding shares in electronic mode are requested to intimate any change in their address or bank mandates to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical mode are requested to advise any change in their address or bank mandates to the Company / Karvy.
12. Members / proxies / authorised representatives are requested to bring to the Meeting the necessary details of their shareholding, attendance slip (s), identity proof and copy(ies) of the Annual Report.
13. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participant(s) with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to Karvy (R&TA).
14. Members who hold shares in physical mode in multiple folios in identical names or joint holding in the same order

of names are requested to send the share certificates to Karvy, for consolidation into a single folio.

15. Members who have not registered / updated their e-mail addresses with Karvy, if shares are held in physical mode or with their DPs, if shares are held in electronic mode, are requested to do so for receiving all future communications from the Company including Annual Reports, Notices, Circulars, etc., electronically.
16. Electronic copy of the Annual Report for FY 2017-18 and the Notice of 26th Annual General Meeting ("AGM") along with Attendance Slip and Proxy Form are being sent to all the Members whose e-mail addresses are registered with the Company/Depository Participant(s) for communication purposes, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report for FY 2017-18 and the Notice along with Attendance Slip and Proxy Form are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/Depositories. Members may note that the Notice of the AGM of the Company and the Annual Report for will also be available on the website of the Company www.paragmilkfoods.com and on the website of Karvy Computershare Private Limited ("Karvy") www.evoting.karvy.com
17. Members are requested to note that as per Section 124 of the Companies Act, 2013, dividends not encashed/claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). No claims in this respect shall lie against the Company.
18. The Members may note that M/s Haribhakti & Co, LLP, Chartered Accountants, Pune (Firm Registration No. 103523W / W100048), were appointed as Statutory Auditors of the Company, for a period of 5 years i.e. upto the conclusion of the Annual General Meeting to be held for the FY 2019-2020, to be held for the adoption of accounts for the financial year ending 31 March, 2019. As per the provisions of the Act and rules framed thereunder, the said appointment of the Statutory Auditors was required to be ratified at every Annual General Meeting. However, the Ministry of Corporate Affairs by way of the Companies (Amendment) Act, 2017, has omitted the first proviso to Section 139 of the Act, requiring ratification of appointment of Statutory Auditors. The said amendment was made effective on 7 May, 2018. Accordingly, agenda for ratification of appointment of Statutory Auditors is not included in this Notice of AGM.
19. A route map giving directions to reach the venue of the AGM is given at the end of the Notice.
20. **Voting:**
 - i. In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration)

Rules, 2014, as amended, and Regulation 44 of the SEBI Listing Regulations, and the Secretarial Standard on General meetings ("SS-2") issued by the Institute of Companies Secretaries of India, the Members are provided with the facility to cast their vote electronically, ("e-voting") on all the resolutions set forth in this Notice. The Members may cast their vote(s) using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').

- ii. The facility for voting through electronic voting system ('Insta Poll') or ballot paper shall also be made available at the AGM. Members attending the Meeting who have not cast their vote(s) by remote e-voting shall be able to exercise their right to vote at the AGM.
- iii. The Members who have cast their vote(s) by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote(s) again.
- iv. A Member can opt for only single mode of voting, that is, through remote e-voting or voting at the AGM. If a Member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the AGM shall be treated as "INVALID".
- v. The Company has engaged the services of Karvy Computershare Private Limited ('Karvy') as the Agency to provide e-voting facility.
- vi. The Board of Directors of the Company has appointed Mr. Chaitanya Udgirkar, Associate Company Secretary, Legasis Services (Membership Number 49740 and PCS No. 18161), as Scrutiniser to scrutinise the remote e-voting and Insta Poll process in a fair and transparent manner.
- vii. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member / beneficial owner (in case of electronic shareholding) as on the cut-off date, that is, Wednesday, 12 September, 2018.
- viii. **A person, whose name is recorded in the register of Members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting / Insta Poll. A person who is not a Member as on the cut-off date, should treat this Notice for information purpose only.**
- ix. Any person who becomes a Member of the Company after despatch of the Notice of the Meeting and holding shares as on the cut-off date may obtain the User ID and password from Karvy in the manner as mentioned below:
 - a. If the mobile number of the Member is registered against Folio No. / DP ID Client ID, the Member may send SMS.
 - b. MYEPWD<space> E-Voting Event Number Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

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

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

- x. The remote e-voting facility will be available during the following period:
 - **Commencement of remote e-voting: From 9:00 a.m. (IST) on Saturday, 15 September, 2018**
 - **End of remote e-voting: Up to 5:00 p.m. (IST) on Tuesday, 18 September, 2018.**

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

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

- xi The Scrutiniser will, after the conclusion of e-voting at the AGM, scrutinise the votes cast at the Meeting (Insta Poll) and votes cast through remote e-voting, make a consolidated Scrutiniser’s Report and submit the same to the Chairman. The results will be declared within 48 hours after the AGM. The result declared along with the consolidated Scrutiniser’s Report will be placed on the website of the Company: www.paragmilkfoods.com and on the website of Karvy at: www.evoting.karvy.com. The result will simultaneously be communicated to the stock exchanges, BSE Limited and National Stock Exchange of India Limited where the shares

of the Company as listed. The Results shall also be displayed on the Notice Board at the Registered Office of the Company.

xii. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the AGM, that is, Wednesday, 19 September, 2018.

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

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

- (a) Launch internet browser by typing the URL: www.evoting.karvy.com
- (b) Enter the login credentials (that is, **User ID** and **Password**) which are printed and available in the communication with respect to voting by electronic means enclosed with the Notice and forms an integral part of it.

The E-Voting Event Number+Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote(s). If required, please visit www.evoting.karvy.com or contact toll-free number 1800-3454-001 (from 9.00 a.m. to 6.00 p.m.) for your existing password.
- (c) After entering these details appropriately, click on “**LOGIN**”.
- (d) You will now reach Password Change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (az), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, e-mail address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (e) You need to login again with the new credentials.
- (f) On successful login, the system will prompt you to select the E-Voting Event Number for Parag Milk Foods Limited.

- (g) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under either “FOR” or “AGAINST” or alternatively, you may partially enter any number under “FOR” / “AGAINST”, but the total number under “FOR” / “AGAINST” taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option “ABSTAIN” and the shares held will not be counted under either head.
- (h) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- (i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as “ABSTAINED”.
- (j) You may then cast your vote by selecting an appropriate option and click on “SUBMIT”.
- (k) A confirmation box will be displayed. Click “OK” to confirm, else “CANCEL” to modify.
- (l) Once you confirm, you will not be allowed to modify your vote.
- (m) Corporate / Institutional Members (that is, other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Power of Attorney / Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail id: chaitanya.u@legasis.co.in with a copy marked to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_EVENT NO.”

B. In case a Member receives physical copy of the Notice by Post [for Members whose e-mail addresses are not registered with the Company /

Depository Participant(s)]:

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

EVEN (E-voting Event Number)	User ID	password
.....		

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

Shri Mohd Mohsin Uddin-Senior Manager
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad 500 032
Toll-free No.: 1800-3454-001
Phone:(040) 67161562/67161583
E-mail: evoting.parag@karvy.com/ mohsin.mohd@karvy.com

By Order of the Board of Directors

Rachana Sanganeria
Company Secretary and Compliance Officer

Place: Mumbai
Date: 06 August, 2018

Registered Office:
Flat No.1, Plot No. 19,
Nav Rajasthan Co. Op. Hsg. Soc,
Behind Ratna Memorial Hospital,
S.B. Road, Shivaji Nagar,
Pune – 411 016 -Maharashtra

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (“the Act”)

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

ITEM NO. 4 : RE-APPOINTMENT OF MR. PRITAM SHAH (DIN: 01127247) AS THE MANAGING DIRECTOR AND KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company (“the Board”) at its Meeting held on 26 April, 2018 has, subject to approval of the Members, re-appointed Mr. Pritam Shah (DIN: 01127247) as Managing Director of the Company, designated as Key Managerial (KMP) for a further period of 5 (five) years from the expiry of his present term, that is 31 March, 2018, on the existing terms and conditions including remuneration, as recommended by the Nomination and Remuneration Committee of the Board (NRC).

It is proposed to seek Members’ approval for the re-appointment of and remuneration payable to Mr. Pritam Shah as Managing Director, designated as KMP, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Pritam Shah are as under.

- a. Term of appointment: Five years with effect from 01 April, 2018 to 31 March, 2023
- b. Remuneration of ₹ 2.40 crores p.a.(Rupees Two crores forty lakhs only) all-inclusive of Salary, perquisites and allowances, i.e. Salary: ₹ 20,00,000/- per month. The annual increment will be decided by the Board of Directors of the Company.

c. Reimbursement of Expenses:

Expenses incurred for travelling, boarding and lodging for business trips for Mr. Pritam Shah including communication expenses at residence, shall be reimbursed at actual and not considered as perquisites.

The overall remuneration payable every year to the Managing Director and the Whole-time Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc., as the case may be, shall not exceed in the aggregate 10% (Ten percent) of the net profits of the Company as per Section 197 of the Act as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof.

d. General

- (i) The Managing Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and comply with all such directions and regulations as may from time to time be given and made by the Board.
- (ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of the Directors.

- (iii) The Managing Director shall adhere to the Company’s Code of Conduct.

Mr. Pritam Shah, aged 47 years is the promoter of the Company, appointed as Director on the Board on 29 December, 1992 since incorporation of the Company and has rich and varied experience in the industry and has been involved in the business, management and the operations of the Company. It would be in the interest of the Company to continue to avail of his considerable expertise and to re-appoint Mr. Pritam Shah as Managing Director. Accordingly, approval of the Members is sought for passing a Special Resolution for re-appointment of Mr. Pritam Shah as a Managing Director, as set out in Part-I of Schedule V to the Act as also under sub-section (3) of Section 196 of the Act.

Mr. Pritam Shah satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Pritam Shah under Section 190 of the Act.

Details of Mr. Pritam Shah are provided in “Annexure” to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

Except Mr. Pritam Shah (the appointee) and Mr. Devendra Shah (being relative of the appointee) none of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the Members .

ITEM NO. 5 : RE-APPOINTMENT OF MR. DEVENDRA SHAH (DIN: 01127319) AS WHOLE-TIME DIRECTOR AND KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company (“the Board”) at its Meeting held on 09 May, 2018 has, subject to the approval of the Members, re-appointed Mr. Devendra Shah (DIN: 01127319) as Whole-time Director of the Company, designated as Key Managerial (KMP) on the existing terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the Board (NRC)

It is proposed to seek Members’ approval for the re-appointment of and remuneration payable to Mr. Devendra Shah as Whole-time Director, designated as KMP, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Devendra Shah are as under.

- a. Term of appointment: Five years with effect from 01 April, 2018 to 31 March, 2023.
- b. Remuneration of ₹ 2.40 crores p.a. (Rupees Two crores forty lakhs only) all-inclusive of Salary, perquisites and allowances. Salary: ₹ 20,00,000/- per month. The annual increment will be decided by the Board of Directors of the Company.

c. Reimbursement of Expenses:

Expenses incurred for travelling, boarding and lodging for business trips for Mr. Devendra Shah including communication expenses at residence, shall be reimbursed at actual and not considered as perquisites.

The overall remuneration payable every year to the Managing Director and the Whole-time Directors by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc., as the case may be, shall not exceed in the aggregate 10% (Ten percent) of the net profits of the Company as per Section 197 of the Act as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof.

d. General

- (i) The Whole-time Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board / Managing Director and the functions of the Whole-time Director will be under the overall authority of the Managing Director.
- (ii) The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
- (iii) The Whole-time Director shall adhere to the Company's Code of Conduct.

Mr. Devendra Shah, aged 53 years is the promoter of the Company and was appointed on the Board on 29 December, 1992, since incorporation of the Company and has over 25 years of rich experience in the industry. It would be in the interest of the Company to continue to avail of his considerable expertise and to re-appoint Mr. Devendra Shah as Whole-time Director. Accordingly, approval of the Members is sought for passing a Special Resolution for re-appointment of Mr. Devendra Shah as a Whole-time Director, as set out in Part-I of Schedule V to the Act as also under sub-section (3) of Section 196 of the Act.

Mr. Devendra Shah satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Devendra Shah under Section 190 of the Act.

Details of Mr. Devendra Shah are provided in "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Mr. Devendra Shah is interested in the resolution set out at Item No. 5 of the Notice.

Except Mr. Devendra Shah (the appointee), Mr. Pritam Shah (being relative of the appointee) none of the other Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the above resolution

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members

ITEM NO. 6: RATIFICATION OF COST AUDITORS REMUNERATION.

The Board in its Meeting held on 09 May, 2018, on the recommendation of the Audit Committee, has approved the appointment of M/s Harshad S. Deshpande & Associates, Cost Accountants as the Cost Auditors, to conduct the audit of the cost records of the Company for the financial year 2018-2019 at a remuneration of ₹ 90,000/- per annum (Rupees Ninety Thousand Only) plus Goods and Services tax as applicable and reimbursement out of pocket expenses, if any. M/s. Harshad S. Deshpande & Associates, Cost Accountants, have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company and confirmed that they are not disqualified under the provisions of Sections 148(5).

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

The Board recommends resolution set forth in Item No. 6 for the approval of the Members as an Ordinary Resolution.

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

ITEM NO. 7 : RATIFICATION OF 'PARAG MILK FOODS LIMITED -EMPLOYEE STOCK OPTION SCHEME 2015' (ESOS 2015)

Company had instituted the "Parag Milk Foods Limited -Employee Stock Option Scheme 2015" (ESOS 2015) pursuant to resolutions dated 27 February, 2015 and 21 April, 2015 passed by the Board and resolutions dated 03 April, 2015 and 16 May, 2015 passed by the shareholders of the Company. The ESOS 2015 is in compliant with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations").

The total number of options that can be granted under ESOS 2015 is 6,96,339, convertible to Equity Shares. The

ESOS 2015 is administered by the ESOP Trust, 2,27,000 Equity Shares were allotted to the ESOP Trust on 03 September, 2015.

Details of grants, vesting, exercise and lapsing of options as on 31 March, 2018 are as follows:

Particulars	Share/Options
Shares allotted to ESOP Trust	227,000
Options forfeited /lapsed	122,701
Options granted	199,200
Options vested	126,927
Options exercised	Nil
Options outstanding	104,299

In terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee

Benefits) Regulations, 2014 ("SEBI ESOP Regulations"), no company shall make any fresh grant which involves allotment or transfer of shares to its employees under any schemes formulated prior to its Initial Public Offering ("IPO") and prior to the listing of its equity shares ("Pre-IPO Scheme") unless: (i) such Pre-IPO Scheme is in conformity with the SEBI ESOP Regulations; and (ii) Such Pre-IPO Scheme is ratified by its Members subsequent to the IPO. Further, as per proviso to Regulation 12(1) of the SEBI ESOP Regulations, the ratification under clause (ii) may be done any time prior to grant of new options under such Pre-IPO Scheme. ESOS 2015 is compliant with the SEBI ESOP Regulations. In terms of Regulation 12(1) of the SEBI ESOP Regulations, the Company cannot make any fresh grant under ESOS 2015, unless ESOS 2015 is ratified by the Members of the Company.

The Directors recommends the resolution set forth in item no. 7 for ratification by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in this resolution

Disclosures relating to Employee Stock Option Scheme 2015 (ESOS 2015) as required under the SEBI ESOP Regulations, 2014 are as under:

Particulars	Description
Brief Description of the scheme	The purpose of the Employee Stock Option Scheme 2015' (ESOS 2015) is to provide the employees with an additional incentive in the form of Options to receive the Equity Shares of the Company at a future date. The ESOP is aimed to reward its employees for their continuous hard work, dedication and support. The main objective of the ESOP Scheme is to recognise employees who are performing well, a certain minimum opportunity to gain from the Company's performance thereby acting as a retention tool and to attract best talent available in the market.
Total Number of options, shares or benefits, as the case may be to be granted	A total number of options equal to 696,339 of the Equity Shares would be available for being granted to eligible employees of the Company under ESOS 2015. Each option when exercised would be converted into one Equity share of ₹ 10/- each fully paid-up. Presently 2,27,000 equity shares of ₹ 10/- each fully paid up allotted to ESOP Trust for grant of ESOP options as per the ESOS 2015.
Identification of classes of employees entitled to participate and the beneficiaries in the scheme	Present as well as future employees and Director(s) other than Independent Directors of the Company as determined by the Company or a Committee thereof.
Requirements of vesting and period of vesting	The Options granted shall vest so long as the employee continues to be in the employment of the Company, as the case may be. The Board may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below). The vesting period of options granted shall vest in not less than one year and not more than three years from the date of grant of such options. The exact proportion in which and the exact period over which the options would vest would be determined by the Board, subject to the minimum vesting period of one year from the date of grant of options.
Maximum period within which the options, shares or benefits shall be vested	The options granted shall vest in not more than three years from the date of grant of such options. Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation/separation of the employees from the Company or otherwise, would be available for being re-granted at a future date

Particulars	Description
Exercise Price/Pricing formula	The exercise price is equal to FMV of the Shares on the date of grant, as determined by the Independent Valuer. The value of price per share to be charged for the purpose of exercising the options from the employees will be at ₹ 250 per share being exercise price of shares.
Lock-in period	The shares issued pursuant to exercise of options shall not be subject to any lock-in period.
Exercise period and process of exercise	From the date of vesting of the options, the employees shall be entitled to exercise the options from time to time within such period as may be prescribed by Board or a Committee thereof, which period shall not exceed three years from the date of the respective grants. The options would be exercisable by the said employees by the payment of the consideration amount and submitting the requisite application form after which the shares would be allotted. The Board or the Committee thereof, may at its discretion, do all such acts deeds, matter and things as may be necessary /desirable to facilitate exercise of options by the employee under full cash mode or otherwise.
The appraisal process for determining the eligibility of employees for the scheme	The appraisal process for determining the eligibility of the employee will be specified by the Board /Committee and will be based on criteria such as role / designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Board at its sole discretion.
Whether the scheme(s) is to be implemented and administered directly by the Company or through a trust	The Scheme is administered through an ESOP Trust.
Acquisition of shares by the Trust	Company has issued and allotted new shares to the ESOP Trust as per Board and shareholders resolution passed .
A statement to the effect that the Company shall conform to the accounting policies specified in regulation 15	It is hereby confirmed that the Company does conform to the accounting policies specified in Regulation 15 of the SEBI (Share Based Employee Benefits) Regulations, 2015.
The method which the Company shall use to value its options	The Company use intrinsic value method for accounting the cost of share based employee benefits.
In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value, shall be disclosed in the Directors` report and the impact of this difference on profits and on earnings per share (EPS) of The Company shall also be disclosed in the Directors` Report	It is hereby confirmed that the details as required herein will be disclosed in the Directors` Report.

ITEM NO. 8 : APPROVAL UNDER SECTION 188(1)(f) OF THE COMPANIES ACT, 2013 FOR INCREASE IN PAYMENT OF REMUNERATION TO MS. AKSHALI SHAH VP – STRATEGY (SALES & MARKETING) FOR HOLDING/CONTINUE TO HOLD OFFICE OR PLACE OF PROFIT IN THE COMPANY.

In terms of the first proviso to clause (f) Sub Section (1) of Section 188 of the Companies Act, 2013, read with Rule 15(3) (b) of the Companies (Meeting of Board and its Powers) Rules, 2014, appointment of a related party to any office or place of profit in the Company at a monthly remuneration exceeding 2.50 lacs requires prior approval from Members by means of an Ordinary Resolution.

Since Ms. Akshali Shah is a related party within the meaning of Sec. 2 (76) of the Act as well as Regulation 2 (zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee of the Board, at their Meeting held on 09 May, 2018, has recommended the revision in the remuneration of Ms. Akshali Shah, pursuant to Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014, in accordance with Company's Policy on Related Party Transaction and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Based on the recommendations of the Audit Committee, as aforesaid, the Board of Directors at their Meeting held on 09 May, 2018, approved the revision in the terms of appointment of Ms. Akshali Shah with effect from 1 July, 2018 subject to approval by the Members of the Company by an Ordinary Resolution, at a remuneration to be paid to her as approved by the Nomination and Remuneration Committee in accordance with the Remuneration Policy of the Company. Brief profile of Ms. Akshali Shah – VP Strategy (Sales & Marketing) is as below:

Name of Related Party	Ms. Akshali Shah
Designation	VP-Strategy (Sales & Marketing)
Name of the Director/Key Managerial Personnel who is related	1. Mr. Devendra Shah- Executive Chairman
Nature of Relationship	Daughter of Mr. Devendra Shah- Executive Chairman
Nature, Material terms, Monetary value and particulars of the contract or arrangement	1. Employment Contract 2. At a remuneration of ₹ 37,00,000/- (Rupees Thirty-Seven Lakhs) per annum 3. Either parties to the contract of service shall be entitled to change the terms and conditions of contract with mutual consent.
Expertise in specific functional areas	Ms. Akshali Shah, 27 years, holds an MBA degree in Family Managed Business from S. P. Jain Institute of Management and Research, Mumbai and brings in strategic thinking with exceptional marketing management skills and has a pragmatic and collaborative style of working. She has played a key role in revamping the corporate identity of the company and has brought in new innovation in branding, public image, marketing & advertising strategy, sales campaigns and marketing metrics. Her expertise in Information Technology & Digital Marketing has helped Parag Milk Foods Ltd. enhance their overall brand visibility on social media and build a strong digital presence As VP- Strategy (Sales & Marketing), she has been instrumental in the journey of transformation from being a Dairy to a leading FMCG company with product innovation focusing on health & nutrition.
Shareholding in the Company	NIL

Considering the time and effort devoted by Ms. Akshali Shah towards the growth of the Company, the management of the Company has proposed to increase the payment of remuneration payable to her from ₹ 28,80,000/- (Rupees Twenty-Eight Lakhs Eighty Thousand only) per annum to ₹ 37,00,000/- (Rupees Thirty-Seven Lakhs) per annum.

In view of this, your Directors, recommend adoption of the proposed ordinary resolution for seeking your consent for enhancement in the remuneration payable to Ms. Akshali Shah in the manner aforesaid.

None of the Directors, Key Managerial Personnel or their relatives, other than Mr. Devendra Shah, Executive Chairman and are concerned or interested in the proposed Ordinary Resolution set out at Item No. 8 of the Notice for approval by the Members.

ITEM NO. 9: ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

As per Provisions of Section 14 of the Companies Act 2013, Alteration of Articles of Association requires shareholders' approval. Board has at their meeting held on 06 August, 2018 approved the amendments to the Articles of Association of the Company and recommends the proposal, subject to approval of Members in the Annual General Meeting in the special resolutions as follows:

1. The Company intends to bring the provisions of Article 36(VI) with respect to E-Voting, Article 49 with respect to Directors liable to retire by rotation, Article 59(a) with respect to proceedings of Board of Directors, Article 32 with respect to voting at General Meeting, Article 60 pertaining to quorum for Board Meeting and Article 81 pertaining to inspection by shareholders in line with the provisions of Companies Act, 2013. Existing Article 36(VI) specifies that the e-voting shall remain open for not less than one day and not more than three days and such voting period shall be completed three days prior to the date of the general meeting. The existing provisions of Article number 49 specify that the Managing Director and Whole-Time Director shall not be liable to retire by rotation and 59(a) require the Company to hold a Board Meeting once in every 3 Months. The existing provisions in Article 32 pertain to voting by Show of hands and demand for poll, which is not applicable as the Company, provides e-voting

facility to its Members. Existing Article 60 specifies that the quorum for Board Meeting shall be at least 3 Directors but does not include the requirement of at least one third of the total number of Directors to be present and Article 81 allows inspection of the Minutes of the Board Meeting and Books of Accounts by the Shareholders which is not permitted under the Act and Revised Secretarial Standards on Board Meetings (SS-1).

Since these requirements are not as per the Companies Act, 2013 it is proposed to amend the same.

2. Further, in view of Companies (Amendment) Act, 2015 ("Amendment Act") which was passed on 25 May, 2015 the words 'and a common seal' appearing under Section 9 of the Companies Act have been omitted which means it shall not be mandatory for a company to have a common seal. However, it is noticed that few Banks/Financial Institutions still request for affixing of Common Seal on documents to be submitted to them. In view of the same and since the Company already has a Common Seal it is proposed amend Article 69 to align the requirements of the number of Directors in the presence of whom the Common Seal be affixed as provided in the Companies Act, 2013.
3. The Board of Directors at their Meeting held on 06 August, 2018 have proposed to alter the Articles of Association (AOA) of your Company by inserting a new Article 70A to enable the Members of the Company including Promoters & Promoters Group, who hold the equity shares in the

Company to waive/forgo his/their right to receive the dividend, interim or final, by him/them for any financial year which may be declared or recommended respectively by the Board of Directors of the Company or Members of the Company.

Shareholder(s) can waive/forgo his/their right to receive the dividend (interim or final) for any financial year any time before the record date/book closure fixed for determining the names of Members entitled for dividend. In case the Shareholder(s) has/have conveyed his/their waiver/forgoing his/their right to receive the dividend (interim or final) for any financial year any time and subsequently sold the relevant shares before the record date / book closure fixed for determining the names of Members entitled for dividend, the earlier Shareholder(s) waiver/forgoing would be invalid since the earlier Shareholder(s) who has/have sold the relevant shares is/are not the Member(s) on the record date / book closure date fixed for determining the names of Members entitled for dividend.

The waiver / forgoing of the dividend for any year by a Member will be purely voluntary on his/their part. In the absence of any communication from the Members waiving/forgoing his/their right to receive the dividend

(interim or final) for any financial year, such Member shall continue to receive the dividend as usual as may be declared by the Company.

With respect to above mentioned changes the Board of Directors of the Company have recommended altering the Articles of Association of the Company by substituting the Article numbers 32, 36(VI), 49, 59(a), 60, 69 and 81 and by insertion of New article 70A in the Articles of Association of the Company in the manner as set out in the Special Resolution at Item No. 9 of the Notice.

Copy of the Articles of Association of the Company incorporating the proposed new substituted Articles is available for inspection by Members at the registered office of the Company.

Approval of the Members is sought to the alteration of Articles of Association of the Company by passing a Special Resolution as set out at Item No. 9 of the Notice.

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. 9 of the Notice.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the Members.

By Order of the Board of Directors

Rachana Sanganeria

Company Secretary and Compliance Officer

Place: Mumbai
Date: 06 August, 2018

Registered Office:

Flat No.1, Plot No. 19,
Nav Rajasthan Co. Op. Hsg. Soc,
Behind Ratna Memorial Hospital,
S.B. Road, Shivaji Nagar,
Pune – 411 016 -Maharashtra

ANNEXURE1

Details of Director (s) seeking appointment/ re-appointment/ continuation in directorship in the Twenty Sixth Annual General Meeting Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards on General Meetings are as follows:

Name of the Director	Mr. B. M. Vyas	Mr. Devendra Shah	Mr. Pritam Shah
Director Identification Number (DIN)	00043804	01127319	01127247
Age	68 years	53 years	47 years
Date of first appointment on the Board	22 July, 2010	29 December, 1992	29 December, 1992
Relationship with Directors and Key Managerial Personnel	None	Brother of Mr. Pritam Shah – Managing Director	Brother of Mr. Devendra Shah – Chairman
Expertise in specific functional area	He has an experience of more than 45 years in the dairy industry and has associated with GCMFL (Amul) for majority of his career. He is currently an independent dairy consultant.	Entrepreneur, visionary who has conceptualised, launched, an established the Company Parag Milk Foods Limited and promoted it to new heights. He has more than 25 year of rich experience in Dairy Industry. He is actively involved in agricultural activities and elevation of farming community.	Entrepreneur, promoter of Parag Milk Foods Limited He is actively involved in business management and the operational activities of the Company. He has more than 25 year of rich experience in Dairy Industry.
Board Membership of other listed companies on 31 March, 2018	Manpasand Beverages Limited	N.A.	N.A.
Number of Board Meetings of the Company attended	3/5	5/5	5/5
Membership/ Chairmanship of Committees of other Board	Nomination and Remuneration Committee Manpasand Beverages Limited (Member)	-	-
Number of shares held in the Company as on 31 March, 2018	Nil	1,50,06,400 equity shares	91,59,888 equity shares
Terms and conditions of appointment or re-appointment	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website at www.paragmilkfoods.com . He is a Non-Executive Director liable to retire by rotation.	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website at www.paragmilkfoods.com . He is an Executive Director liable to retire by rotation.	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website at www.paragmilkfoods.com . He is an Executive Director not liable to retire by rotation.

The route map of the AGM venue is given below:

Venue : Mahratta Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, A Wing, 5th Floor, Navalmal Firodia Seminar Hall, Senapati Bapat Road, Pune 411016



Landmark: Distance from Pune Railway Station: around 7 km

PARAG MILK FOODS LIMITED

CIN: L15204PN1992PLC070209

Regd. Office: Flat No.1, Plot No-19, Nav Rajasthan CHS. Shivaji Nagar, Pune – 411 016Website: www.paragmilkfoods.com, Email- investors@paragmilkfoods.com

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

FORM NO.MGT-11**PROXY FORM**

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

Name of the Member(s) :
 Registered address :
 E-mail ID :
 Folio No./Client ID :
 DP ID :

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

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

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

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

as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting of the Company to be held on Wednesday, 19 September, 2018, at 11.30 a.m., at Mahratta Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, A Wing, 5th Floor, Navalmal Firodia Seminar Hall, Senapati Bapat Road, Pune 411016, and at any adjournment thereof in respect of the Resolutions as are indicated below:

ORDINARY BUSINESS

- Adoption of the Audited Standalone Financial Statements (including the Audited Consolidated Financial Statements) and the Reports of the Board of Directors and the Auditors thereon for the financial year ended 31 March, 2018.
- Declaration of Dividend on equity shares for the financial year ended 31 March, 2018.
- Re-appointment of Mr. B. M. Vyas (DIN: 00043804), Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

- Re-appointment of Mr. Pritam Shah (DIN: 01127247) as Managing Director of the Company.
- Re-appointment of Mr. Devendra Shah (DIN: 01127319) as Whole-Time Director of the Company.
- Ratification of Remuneration of M/s. Harshad S. Deshpande & Associates, Cost Auditors. (Firm Registration No.00378)
- Ratification of "Employee Stock Option Scheme" (ESOS 2015)
- Approval for increase in payment of remuneration to Ms. Akshali Shah- VP – Strategy (Sales & Marketing) for holding/continue to hold office or place of profit in the Company
- Alteration of Article of Association of the Company.

Signed this day of, 2018

Signature of Shareholder Signature of Proxy holder(s)

Affix
Revenue
Stamp

Notes:

- The Proxy Form 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.
- The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.
- The Proxy Form is valid only if it is properly stamped and such stamp is cancelled.
- Blank, incomplete or undated proxy form shall not be considered valid.
- The proxy-holder shall prove his/her identity at the time of attending the Meeting.



PARAG MILK FOODS LIMITED

CIN: L15204PN1992PLC070209

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

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

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

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING

Joint shareholder(s) may obtain additional Attendance Slip(s) at the venue of the meeting

*DP.ID		@Folio No.	
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*Client ID		No. of share(s) held	
------------	--	----------------------	--

Name and address of the shareholder

I hereby record my presence at the Twenty Sixth Annual General Meeting of Parag Milk Foods Limited to be held on Wednesday, 19 September, 2018 at 11.30 a.m. at Maharashtra Chamber of Commerce Industries and Agriculture, MCCIA Trade Tower, A Wing, 5th Floor, Navalmal Firodia Seminar Hall, Senapati Bapat Road, Pune 411016.

.....
Signature of Member/Proxy

* Applicable for Members holding shares in dematerialised form

@ Applicable for Members holding shares in physical form

Notes:

1. Electronic copy of the Annual Report for 2017-2018 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is being sent to all the Members whose email address is registered with the Company/Depository Participant unless any Member has requested for a hard copy of the same. Members receiving electronic copy and attending the Annual General Meeting can print copy of this Attendance Slip.
2. Physical copy of the Annual Report for 2017-2018 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all Members whose email IDs are not registered with the Company or have requested for a hard copy.
3. The electronic voting particulars are set out below:

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password
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Please refer the attached AGM Notice for instructions on E-Voting.

E- Voting facility is available during the following voting period:

Commencement of E-Voting	End of E-Voting
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ANNEXURE

GLOSSARY

B2C	: Business to Consumer
BCAA	: Branched-Chain Amino Acid
BPS	: Basis Points
DII	: Domestic Institutional Investors
DMS	: Distribution Management System
EAA	: Essential Amino Acids
EBITDA	: Earnings Before Interest, Tax, Depreciation and Amortisation
EPS	: Earnings Per Share
FII	: Foreign Institutional Investors
FMCG	: Fast Moving Consumer Goods
GM	: Grams
HORECA	: Hotel Restaurant Caterers
HSM	: Hindi Speaking Market
IHFF	: International Health, Sports and Fitness Festival
IND-AS	: Indian Accounting Standards
Jar/pp	: Jar Per Pack
KG	: Kilo Gram
LPD	: Litres Per Day
LLPD	: Lakh Litres Per Day
M3	: Cubic Meter
MF	: Mutual Fund
MN	: Million
MT	: Metric Tonnes
PAT	: Profit After Tax
POC	: Pride of Cows
R&D	: Research and Development
RoCE	: Return on Capital Employed
RoE	: Return on Equity
SFA	: Sales Force Automation
SKU's	: Stock Keeping Units
SMP	: Skimmed Milk Powder
TafeSA	: Technical and Further Education South Australia
TOC	: Theory of Constraint
UHT	: Ultra High Temperature
VAP	: Value Added Product



Ideas for a new day

Parag Milk
Foods Limited

