



Ideas for a new day

Foundations for a **Brighter Future**



WHAT'S INSIDE?

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FOUNDATIONS FOR A BRIGHTER FUTURE

What started as an attempt to help farmers during the White Revolution, soon transcended into a one-of-a-kind company – with unique products, iconic brands and a strong legacy that fuels purpose and performance.

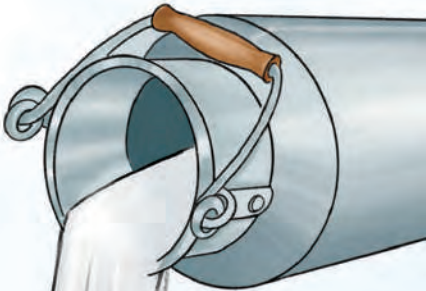
The inception of Parag Milk Foods Limited (PMFL) was a turning point in India's dairy industry.

Around 30 years of our journey, we have demonstrated the courage and zeal to transform the dairy landscape in India. Our carefully crafted products reach millions of houses every day to bring long-lasting happiness and create joyful memories.

A legacy, built on deep-rooted trust, has been the guiding force in our pursuit of excellence.

Powered by technology and innovation, we remain focused on unveiling ingenious products in the years to come.

Committed to our purpose, we are accelerating forward with hope, faith and the confidence to create a brighter future for all our stakeholders – a future hinged on taste, deliciousness, nutrition and sustainable growth.



A WORLD OF MILK, CHEESE AND EVERYTHING SCRUMPTIOUS!

Delicious puris made in ghee

A thick spread of cheese in your favourite sandwich

Fresh paneer in the paneer tikka masala you had for lunch

A bowl of curd in the morning to soothe your gut and a tall glass of milk before you hit the gym

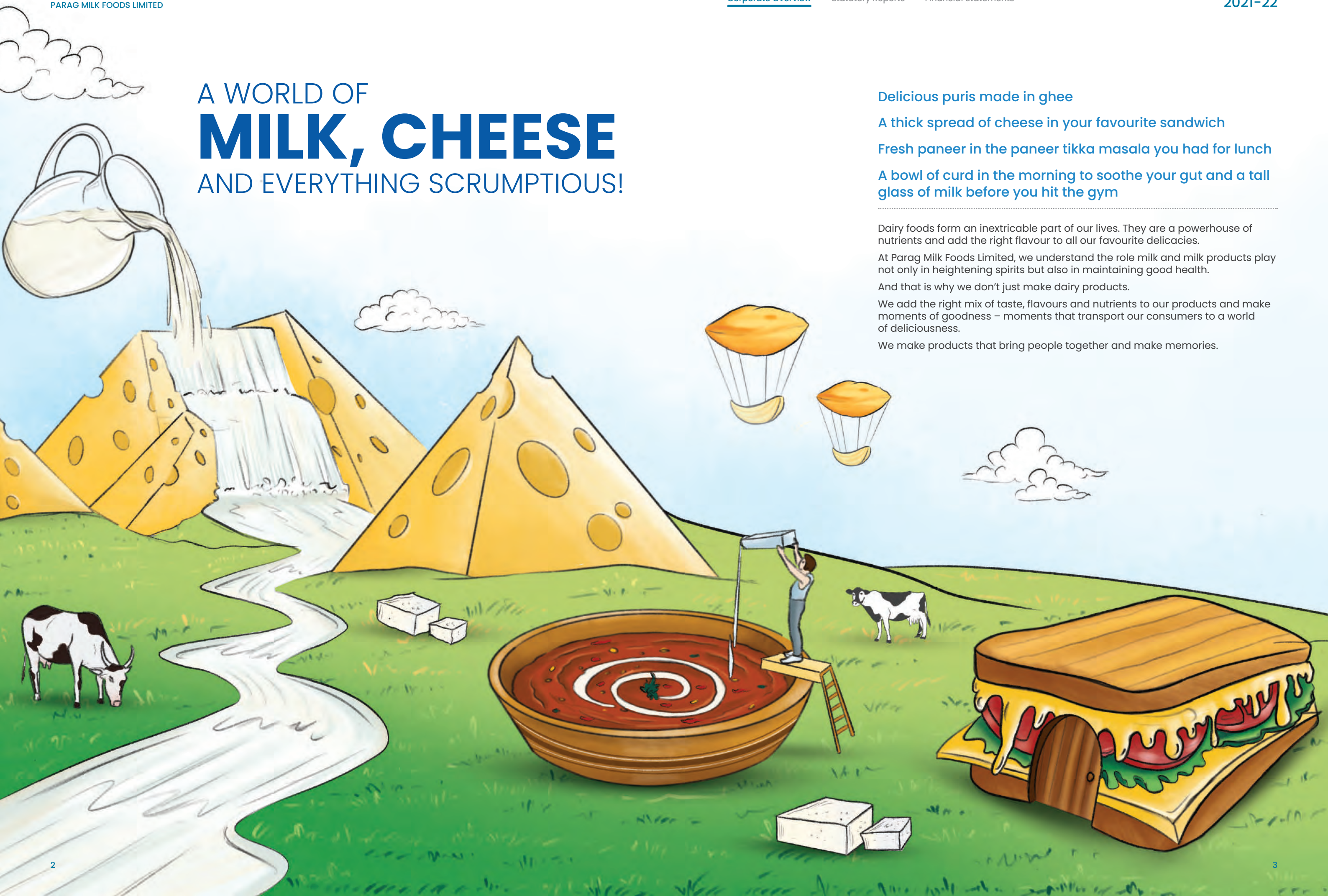
Dairy foods form an inextricable part of our lives. They are a powerhouse of nutrients and add the right flavour to all our favourite delicacies.

At Parag Milk Foods Limited, we understand the role milk and milk products play not only in heightening spirits but also in maintaining good health.

And that is why we don't just make dairy products.

We add the right mix of taste, flavours and nutrients to our products and make moments of goodness – moments that transport our consumers to a world of deliciousness.

We make products that bring people together and make memories.



PARAG MILK FOODS LIMITED – CREATING MEMORIES, BRINGING JOY

Since 1992, we have been bringing goodness and joy to millions of homes. Whether a hot cup of morning coffee, a protein-rich pre-workout smoothie or delicious gulab jamuns, we have expanded our products to find a way to your home and into your hearts.

Parag Milk Foods Limited (PMFL) is one of India’s leading private dairy companies, known for its iconic brands and delicious products, made from 100% cow’s milk.


Our offering, sold under the brands of Gowardhan, Go, Pride of Cows and Avvatar are synonymous with trust, purity, quality, nutrition and taste.

PMFL facts


PMFL promotes dairy tourism by showcasing one of Asia’s largest cheese plants – Go Cheese world, and the modern farm – Bhagyalakshmi Dairy Farm.

Our Bhagyalakshmi Dairy Farm is one of the most exciting dairy farms to be visited, around the globe.

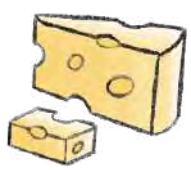
source: dairyglobal.net




Fresh milk



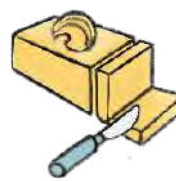
Ghee




Cheese




Paneer




Butter




Single-origen whole milk and fat-free milk




UHT milk




Whey protein




Lassi




Single-origen ghee




Curd




Fresh cream



Instant mixes




Dairy whitener




Beverages

Product innovation through R&D, cutting-edge manufacturing capabilities and our deep-rooted relationships with farmers lie at the heart of everything we do. Our processes are a perfect blend of tradition and modernity, which results in high-quality products that our consumers relish. Every day, we strive to bring goodness and joy to thousands of households while creating long-term value for our farmers, consumers, communities, employees and shareholders.


In 2021, we took our commitment toward delivering taste and nutrition a step ahead by establishing the 6C framework:




Cows
Read more on page 26




Consumer
Read more on page 27




Cash
Read more on page 32



Cost
Read more on page 32




Corporate Governance
Read more on page 33





Community
Read more on page 36


We are optimistic that these pillars will further fuel our drive to offer innovative products according to our consumers’ needs and pave way for a sustainable and profitable future for all our stakeholders.


Mission

- 

Our consumers: Consumer trust is fundamental to our business. Hence, we offer high-quality food that are subjected to processes of high safety and quality standards
- 

Partnership with dairy farmers: We work closely with farmers to empower them and set protocols for responsible and sustainable milking of cows
- 

Building long-term relationships with local communities: We maintain a strong relationship with our close-knit community of local businesses, people, and organisations and contribute to their betterment
- 

Dairy innovation: We produce and market innovative products under our portfolio brands, bringing joy, health and nutrition to our consumers
- 

Good citizenship: We want to set the benchmark in the dairy industry by incorporating best practices and making high-quality dairy products accessible to the masses

Vision

Our vision is to be a leading technology-driven FMCG dairy company that empowers all our stakeholders and relentlessly launches innovative, healthy and sustainable products for various consumer strata. Sustainability forms an integral part of our value chain and we strive to create long-term value for all our stakeholders.

FROM THE CHAIRMAN'S DESK

“With a strong foundation in place, we remain committed to our ambition of creating a sustainable and profitable business. Thus, to execute our commitment and vision, we have clearly defined our strategic priorities through the 6Cs – Cows, Consumers, Cash, Cost, Corporate Governance and Community. Each of these elements remains core to us and over the years, we have progressed and strengthened our ecosystem”

Dear Shareholders,

To become a great company in every sense of the word, its foundations must be rock solid. Over the years, we have built a strong ground for PMFL to grow on, built on:

- Our brand strength
- High-quality delicious and nutritious products
- State-of-the-art manufacturing capabilities
- Unwavering support to farmers
- Trust-based, enduring relationships with our customers and vendors
- A robust distribution network
- Committed workforce and a conducive work environment
- Accelerated adoption of innovation and digitalisation
- Sustainability-embedded processes
- Continued contribution to community empowerment

Each year, we have learned, grown and created sustainable value for our stakeholders. This would not have been possible without your continued support and trust in us.



Leveraging our strong foundations

Now, it is time for us to shape the future for ourselves and our stakeholders by leveraging the strengths of our foundation. Over the years, our Company has emerged as India's largest FMCG dairy player with top-of-mind household brands such as Gowardhan, GO, Pride of Cows and Avvatar – all made from 100% cow's milk.

With our deep understanding of the market and evolving consumer needs and industry experience, our Company has built strong goodwill and enduring relationships with consumers and farmers, who are the key stakeholders in the dairy value chain. Our best practices and state-of-the-art infrastructure enable the production of pure and nutritious dairy products, making PMFL the partner of choice for millions of households. This deep-seated trust bolsters our confidence to deliver sustained and profitable results.

During the year, we continued to delight our consumers with various innovations. We launched several products in different categories. We expanded the Pride of Cows portfolio to include single-origin paneer and fat-free milk for our health-conscious consumers. The year also marked our expansion into the fast-growing beverage segment with the launch of Go Milkshakes and whey-based energy drink – RAPID. We are happy with the trust and loyalty consumers have shown in our newly launched categories and expect accelerated momentum in the coming years, owing to the strength of our brands.

Our Company shares the Prime Minister's vision to promote the rural development of dairy industries, which will increase self-employment and provide infrastructure. We are continuously working towards helping rural entrepreneurs set up modern dairy farms for the production of clean milk, encouraging Heifer calf rearing, thereby conserving good breeding stock, and bringing structural changes in the sector so that the initial processing of milk can be done at the village level itself. To ensure best practices across the value chain, we are replicating our successful Bhagyalaxmi Dairy Farm model from Manchar to Swarnabhoomi situated at Bota, Nashik. By 2028, Swarnabhoomi is expected to house around 15,000 cows which will provide around 1.4 Lakh litres of milk daily.

FY22 – a challenging year

The last couple of years have seen unprecedented challenges in the form of the pandemic, geopolitical risks and a volatile macro environment with a wide-ranging impact on people, geographies and businesses. Just like other businesses, our operations were impacted as well. While we recorded a strong performance in the last fiscal year, the unforeseen

event of the pandemic affected our balance sheet for the year. However, these items are a one-time situation-specific exception and do not impact the ongoing business operations.

Building an ethical business

Governance forms an integral part of PMFL. Thus, we aim to strengthen our management team by onboarding experienced professionals. As part of this continuous exercise, we are in the process of roping in a CEO and CFO. We will continue to carry forward our operations with renewed zeal and enthusiasm as Gen Z enters the Board. Our Company, along with the Board of Directors, decided to appoint Ms. Akshali Shah as an Executive Director. She has been associated with the Company for over a decade and has been instrumental in the growth of our businesses and brands. Her vision is to make PMFL among the fastest growing, technology-driven FMCG companies. This will enable us to strike a balance between experience and new-age thoughts, further empowering us to scale newer heights.

With a strong foundation in place, we remain committed to our ambition of creating a sustainable and profitable business. Thus, to execute our commitment and vision, we have clearly defined our strategic priorities through the 6Cs – Cows, Consumers, Cash, Cost, Corporate Governance and Community. Each of these elements remains core to us and over the years, we have progressed and strengthened our ecosystem.

Way forward

We will continue to drive excellence with enhanced aggression and cohesiveness, which will help us to get into a higher orbit. Through our razor-sharp focus on innovation, supply chain optimisation, sales and distribution across all channels and Environment, Social, Governance (ESG) initiatives, we aim to explore new opportunities, embed digitalisation in our processes and enhance future-readiness.

I am extremely grateful to all our stakeholders for their belief and trust in us. We will continue to innovate, progress and deliver profitable business by focussing on sustainability and growing from strength to strength.

Warm wishes,

Devendra Shah

MD'S MESSAGE

“The learnings from the pandemic have made us more resolute than ever. In the years ahead, we continue to be dedicated to enhancing the quality of life with the freshness and purity of our products.”

Dear Shareholders,

In our journey of three decades, PMFL has focused on delivering the taste, goodness and nutrition of milk and dairy products to consumers, being cognisant of their health and fitness requirements. The last couple of years has posed a range of challenges to businesses and economies worldwide. Our Company also witnessed the ripple effects of COVID-19; however, we stood resilient and weathered the storm with our agility, prudence and ability to adapt to the changing environment. Amidst all externalities, our commitment to deliver taste, nutrition and joy remains unwavering.

This has been possible due to the foundations we established and strengthened over the years – household brands, trust of our customers, support from farmers, strong manufacturing capabilities, robust distribution network, adoption of technology and a passionate workforce. Since our inception, we have been a company driven by our purpose to deliver high-quality products to consumers while creating sustainable value for all stakeholders. With the support of our foundations, we are ready to launch ourselves into a bright future of profitability and sustainability.



An eventful FY22

FY22 has been eventful on multiple fronts. We expanded our product catalogue by unveiling GO Milkshakes in five different flavours and single-origin paneer and fat-free milk under the Pride of Cows brand.

To further strengthen our position in India's growing dairy market, we launched the 6C strategy:

Cows: Increase milk procurement and expand the Bhagalaxmi Dairy Farm

Customers: Strengthen brands and focus on product innovation

Cash: Improve profitability and strengthen the balance sheet

Cost: Improve productivity and focus on process innovation

Corporate governance: Strengthen the Board and management, and internal controls

Community: Increased focus on our ESG initiatives

We are confident that the strategy will allow us to align our business priorities, ensure the long-term sustainability of our business and create value for our stakeholders.

Performance that stood the test of time

As the pandemic impacted the entire globe our farmers were also affected significantly. To ensure their livelihood during such testing times, we collected every drop of milk from them and converted it into value-added products to be sold in the market in the future.

The COVID-induced intermittent lockdowns impacted the overall business environment and disrupted our entire business plan built on enhanced inventory. As dairy products are perishable, we adhered to various guidelines issued by different authorities regularly and have written down the excess inventory built into the system. This write-off amounted to INR 5,095 Million and impacted our balance sheet for the year. In addition, the cost of goods sold also bore the brunt due to the price settlement agreement of INR 1,179 Million with the milk aggregators. However, these are one-time situation-specific exceptions and has no cash impact on our ongoing business operations.

Our milk procurement prices increased by 8.7% for FY22. In line with the commodity prices, the prices of milk also increased continuously. Although we passed on the increased raw material cost under unavoidable circumstances to our consumers, it has been absorbed and accepted positively by the markets, which indicates our brand strength.

Despite the hurdles, our consolidated revenue from operations recorded a growth of 12.5% and stood at INR 20,718 Million in FY22 compared to INR 18,418 Million in FY21. This increase was mainly driven by a ~20% Y-o-Y growth in core categories. Further, improvement in distribution and increase in the overall consumer demand contributed to the robust performance

in FY22. The share of value-added products amounted to 68% of FY22's total revenue, while the liquid milk and skimmed milk powder stood at 9.5% and 19%, respectively.

The HORECA segment made a remarkable comeback with a strong 93% Y-o-Y growth in FY22. Despite taking the highest sales hit during the pandemic, our growth in this segment crossed the pre-COVID levels. Also, our export sales contributed 1.5% of FY22's revenue. Our brands received good recognition in key international markets, including the Middle East, Southeast Asia, Africa and the Indian subcontinent, to name a few.

Robust distribution, accelerated digitalisation

We focused on bolstering our existing distribution network and have opened three new depots adding to a total of 24 depots spread across India.

We have set up a dedicated route-to-market team that caters to each of our verticals – fresh milk and products, value-added dairy products and our institution business. Our distribution network has allowed us to increase yields and enhance revenue.

Our e-commerce business has tripled in the last fiscal, increasing the demand for our products across segments and categories, at an accelerated pace. It has emerged as one of the crucial pillars of our distribution strategy that helps us broaden our reach to the markets with lower incremental advertising spend. This distribution platform gives us higher visibility to capture market share. We will continue to invest in this channel and further widen our reach.

We digitalised the sales channel by installing a Distributor Management System (DMS) and Sales Force Automation (SFA) and integrated them with our core system. Almost all our distributors are now on the DMS system and more than 70% of our sales force is working on the SFA.

The learnings from the pandemic have made us more resolute than ever. In the years ahead, we will be dedicated to enhancing quality of life with the freshness and purity of our products. While we are committed to grow with innovative offerings, we remain focused on our core categories of ghee, cheese and paneer and our new-age businesses – Pride of Cows and Avvatar.

Last but not least, I would like to express my deepest gratitude to our farmers, consumers, employees, vendors, partners and shareholders who have continued to support us. We will continue to bring joy to our consumers through our innovations and create long-term value for our stakeholders.


Best wishes,

Pritam Shah

HUMBLE BEGINNINGS TO HIGH AMBITIONS

What began as a venture that collected milk from farmers, has today evolved to become a leading dairy FMCG company in India. Over the last 30 years, we have strengthened our product innovation and technological capabilities to launch a range of innovative products that are loved by consumers in India and overseas.

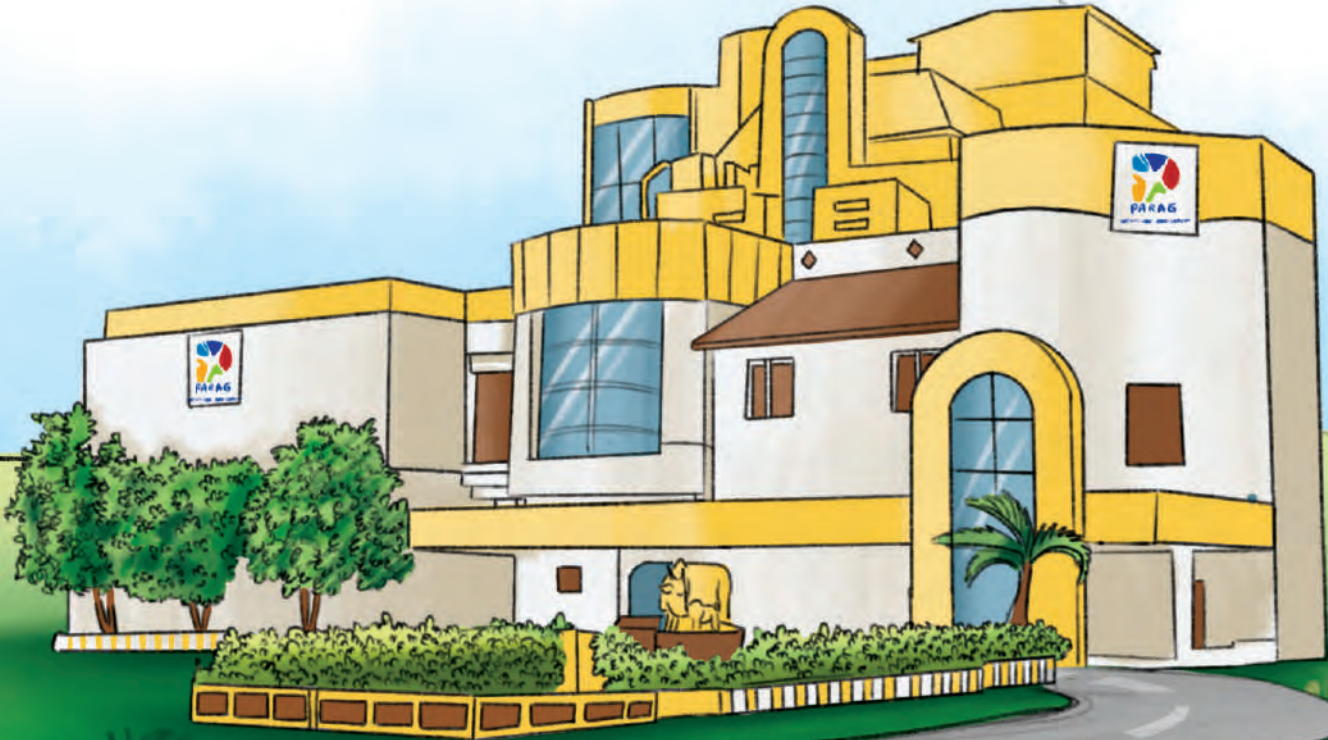
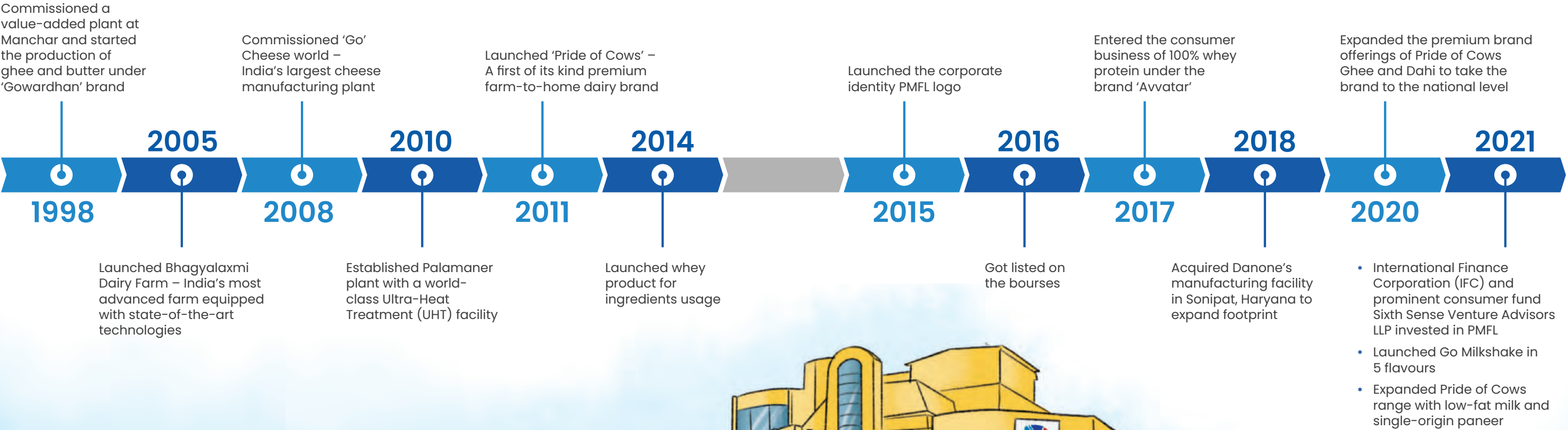
Milk-deficit India saw light at the end of the tunnel after the White Revolution led to increased milk production. Copious volumes were milked and cooperatives refused to procure them from farmers. New age milkman, Mr. Devendra Shah stepped in to help the farmers by collecting their milk. Eventually, he laid the foundation for Parag Milk Foods Limited at Manchar, Pune in 1992.



PMFL facts

PMFL is a leader and pioneer in the cow ghee category with Gowardhan ghee leading the pack with a 20% market share.

PMFL has pioneered the concept of fresh paneer with 75 days shelf life.



FROM LOCAL TO GLOBAL

Owing to our robust distribution and export capabilities, our consumers across the board can enjoy all our nutritious products whether it is a dollop of Gowardhan butter on their buns or a slice of Go Cheese on their sandwich or kebabs made from Gowardhan paneer. Whether domestic or international markets, we are committed to wowing our consumers with our delicious products.

Over the years, we have grown from strength to strength and continued to expand our footprint across the globe.

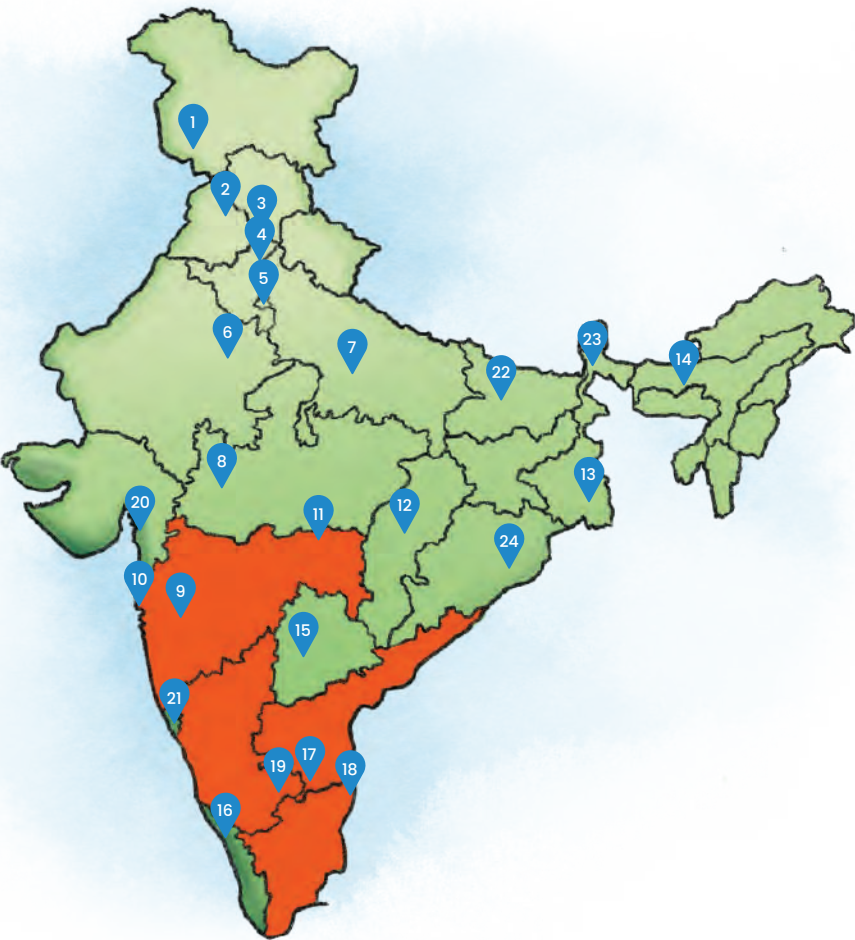
PMFL facts

Go Cheese is a dominant player in the cheese category in India, with a 35% market share.

One out of every three pizzas served in India uses our Go Cheese.

Every year on January 20th, Go Cheese celebrates **Go Cheese Lover's day**.

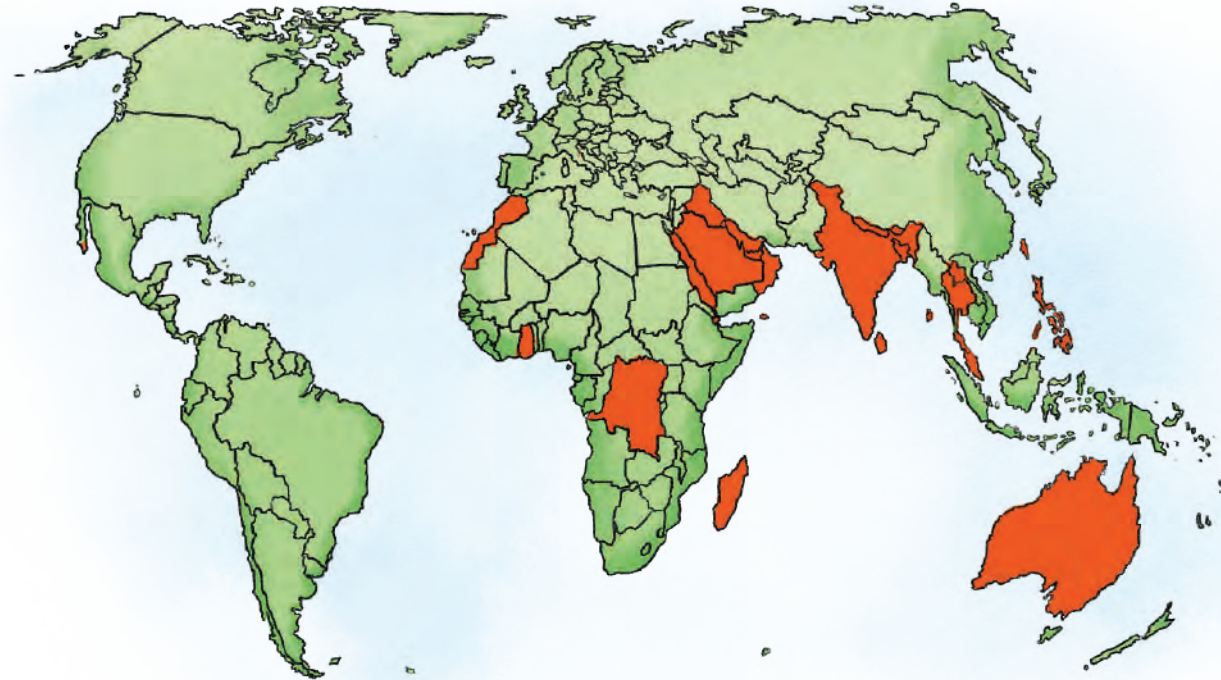
2.5+ Lakh Farmers procurement network	100+ Milk Chillers	300+ Super Stockists	3.5 Lakh+ Retail touchpoints
2,500+ Village collection centers	4 Integrated processing plants	3000+ Distributors	4 Brands
300+ Bulk milk coolers	24 Depots	800+ Dedicated sales and marketing personnel	



- Depots

Procurement areas
- | | |
|------------------|-------------------------|
| 1. Jammu | 13. Kolkata |
| 2. Jalandhar | 14. Guwahati |
| 3. Parwanoo | 15. Hyderabad |
| 4. Karnal | 16. Calicut |
| 5. Delhi | 17. Palamaner, Chittoor |
| 6. Jaipur | 18. Chennai |
| 7. Kanpur | 19. Bengaluru |
| 8. Indore | 20. Surat |
| 9. Manchar, Pune | 21. Goa |
| 10. Mumbai | 22. Patna |
| 11. Nagpur | 23. Siliguri |
| 12. Raipur | 24. Bhubneshwar |

Map not to scale



Delivering goodness overseas

- | | | |
|--------------|-----------------|------------------|
| 1. Australia | 8. Israel | 15. Qatar |
| 2. Bahrain | 9. Kuwait | 16. Saudi Arabia |
| 3. Bhutan | 10. Malaysia | 17. Seychelles |
| 4. Congo | 11. Mauritius | 18. Singapore |
| 5. Ghana | 12. Nepal | 19. Thailand |
| 6. Hong Kong | 13. Oman | 20. UAE |
| 7. Iraq | 14. Philippines | |

Map not to scale

PRODUCTS PACKED WITH TASTE AND NUTRITION



Our diverse product offerings unite tea lovers, baking connoisseurs and health buffs living in different parts of the world – by catering to their taste buds and nutritional demands.

We market our carefully crafted products under our renowned brands – Gowardhan, Go, Pride of Cows and Avvatar.

Gowardhan is our flagship brand under which we offer traditional dairy products comprising milk, ghee, butter, paneer, curd and more which fulfils more than 80% of daily dairy nutrition requirements.

Go brand offers an array of convenience and comfort-focused products such as cheese slices, spreads, grab-and-go beverages such as milkshakes, buttermilk, lassi and more for those leading a busy lifestyle.

Our niche brand, Pride of Cows, offers farm-to-home single-origin milk and milk products catering to premium consumers who are looking for unadulterated and safe dairy nutritious products.

Avvatar is the first of its kind 100% milk-based vegetarian fresh whey protein, catering to fitness enthusiasts and health-conscious customers.

Gowardhan

Our first-launched brand Gowardhan initially offered milk and ghee to traditional consumers. Over the years, the brand has grown to offer additional everyday products such as paneer, butter, curd and buttermilk with quality, nutrition and health at the heart of it all.

Gowardhan Tea Star:
Formulated to enhance frothing in tea and coffee

Gowardhan Gold and Gowardhan Pure: Full-fat milk

Gowardhan Fresh:
Toned milk

Gowardhan Vital:
Homogenised and pasteurised milk

Gowardhan Fit N Lite and Gowardhan Skimmed Milk Powder: Low in fat content



Gowardhan Ghee:
Our flagship product

Gowardhan Paneer:
Available as cubes and blocks with a shelf life of 75 days

Gowardhan Dahi and Gowardhan Buttermilk:
Contains probiotics for good gut health and digestion

Swarna Ghee:
Especially caters to the South Indian market

Gowardhan Gulab Jamun Mix:
A ready-to-cook mix to prepare soft and delicious Indian delicacy, gulab jamun

Gowardhan Topp up: A healthier and tastier alternative to aerated drinks with distinct flavours such as rose, mango, elaichi, strawberry, butterscotch, pista and badam

Gowardhan Butter:
Light in taste, soft and easy to spread

GO

The nomenclature 'Go' is Sanskrit for 'cow' and also reflects the energetic spirit of the younger generation. To offer convenience to consumers working round the clock in busy cities, and those in the Hotel, Restaurant and Catering (HORECA) and Quick Service Restaurant (QSR) segments, the Go brand offers customised and convenient products such as cheese, grab-and-go beverages, fresh creams and UHT milk, retaining their goodness and nutritive properties.

Go Fresh Cream: Has a shelf life of 4 months, yet is preservative-free and has moderate fat

Go RAPID: A first in the category of affordable whey, Go RAPID is a whey-based drink

UHT Milk: Variants of Supremo, Double Toned Milk and Slim Milk contains 3.5%, 1.5% and less than 0.2% fat, respectively

Go Colo Power: Made from Colostrum, the first milk of cows, Go Colo Power is a 100% natural immunity booster rich in immunoglobulins and probiotics. Available in powdered form

**Pride of Cows**

Originating from India's technologically advanced Bhagyalaxmi Dairy Farm, the Pride of Cows brand offers supreme quality farm-to-home, Single-Origin milk and milk products that are ultra-hygienic and rich in texture.

Right from feeding the cows to milking, the process is fully automated with zero human intervention. With a unique subscription-based model, consumers residing in Mumbai, Pune, Surat and Delhi can place orders through our dedicated mobile app to get the products delivered to their doorsteps.



Pride of Cows Whole Milk: Preservative-free and creamy with a low bacterial count, this milk is produced in a fully automated dairy. It is bottled fresh at 4 degrees Celsius till it is delivered to consumers' doorsteps



Pride of Cows Fat-Free Milk: Pride of cows fat-free milk is an offering to consumers looking for low-fat products. This is 98% fat-free



Pride of Cows Ghee: Rich in healthy fats, antioxidants, vitamins and anti-inflammatory properties; the only single-origin ghee produced from Pride of Cows milk in our farms.



Pride of Cows Curd: Thick, fresh and unadulterated curd made by fermenting our Pride of Cows milk; rich in calcium and protein without any additives, also called perfect curd

Avvatar

We pioneered India's first 100% vegetarian whey protein for customers on their fitness journey. The protein is packed within 24 hours of milking and processing. Sold under the brand name 'Avvatar', we offer six variants, all rich in protein and free of sugar, gluten and soya.

Isorich: 100% whey isolate, rich in protein, ideal for lactose-intolerant individuals and those on a calorie-deficit diet

Whey Protein: Mixture of whey protein and whey concentrate, which aids in muscle repair, digestion, metabolism, strength-building and bone health

Rapid: Rich in vitamin C and an immediate source of energy; provides nutrients to replace electrolytes lost due to sweating and prevents cramps and fatigue from intense training



Alpha Whey: Contains casein protein that gives energy throughout the day

Mass Gainer: With a blend of carbs and protein, helps meet the ideal carb-protein ratio of 3:1 and gain mass

Muscle Gainer: Has a carb-protein ratio of 1:1 and helps to build lean muscles

OUR WORLD-CLASS MANUFACTURING FACILITIES AND DAIRY FARM

From dairy products optimised for longer shelf life to products untouched by hands, our farms and advanced manufacturing units work round-the-clock to reinvent, innovate and deliver.

Manufacturing strength

Our cutting-edge manufacturing facilities in Manchar, Palamaner and Sonipat are equipped with:



A unique manufacturing line for making traditional ghee



An automated unit for producing high shelf-life paneer



Specialised technology for curd manufacturing



State-of-the-art UHT technology



A fully integrated cheese-to-whey plant

Manchar, Pune

Established in 1992, the facility collects fresh milk from farmers to manufacture ghee, paneer, curd, cheese etc.

Palamaner, Chittoor

The facility was set up in 2010 in Andhra Pradesh with state-of-the-art UHT facilities. It manufactures tetrapack milk, beverages, curd, ghee, etc.

Sonipat, Haryana

Acquired from Danone, the plant commenced operation in 2018 to expand its product offerings and distribution in the North and Eastern parts of India. It specialises in fresh product categories including curd, paneer and milk.

Lactose plant

Commissioned in 2020, in Manchar, the plant produces 40 MT of lactose/day from whey permeates, a by-product of the cheese manufacturing process. The addition of lactose products expands our health and nutrition portfolio, enabling us to cater to segments such as food applications, infant nutrition and clinical nutrition.

Bhagyalaxmi Dairy Farm

Our Pride of Cows products are manufactured at our backward integrated Bhagyalaxmi Dairy Farm. Spread over 35 acres of land, it is the country's most advanced dairy farm. The milking of ~3,000 cows is fully automated. It also houses an R&D unit and laboratory to improve cattle yield through various cattle feed formulations. We have developed the finest cow comfort technology, which includes rubber mats to lie on, fans and foggers for cooling, brushes to clean their body, clean RO treated water along with calm, soothing music and an insulated roof for cow sheds to reduce heat stress.

The Bhagyalaxmi Bioscience Division studies various formulations for quality cattle feed to improve milk yields as well as its sustainability. Here, waste matter is converted into useful marketable material, such as manure. The facility also has its own biogas plant with a 600 m³ power generation capacity, used for captive consumption.

60
MT/day

Cheese
manufacturing
capacity

80
MT/day

Ghee processing
capacity

20
MT/day

Paneer
processing
capacity


40
MT/day

Lactose
processing
capacity

10 Lakh
litres/day

Whey processing
capacity

Ambitions for the future of dairy farming



Increase the number of cows from 3,000 in 2021 to 15,000 by 2028



Increase milk production capacity to 1,40,000 litres by 2028



Expand our product portfolio under our premium offering Pride of Cows


PMFL facts

The average amount of milk produced by the cows of Bhagyalaxmi Dairy Farm is ~24 litres per day, which is 4 times higher when compared with the milk produced by the average Indian cow.


FY22 – A BIRD’S-EYE VIEW OF OUR BUSINESS

Over the years, we have learned, grown and evolved to deliver dairy products that consumers love and have created long-term sustainable value for all our stakeholders.


Leading positions




One of the largest dairy FMCG players with the widest value-added milk product portfolio




Large state-of-the-art infrastructure with end-to-end integration




Leader and pioneer in the cow ghee category under the brand 'Gowardhan' with a 20% market share




Dominant cheese player with 35% market share



Owner of one of the largest and most advanced cow farms in India




Pioneer of the concept of farm-to-home premium dairy brand Pride of Cows




First to launch made-in-India B2C whey protein under the brand 'Avvatar'

Awards


Each day, we come to work with a passion to deliver delicious and nutritious products to our consumers. The following recognitions are testimony to our commitment and efforts to scale newer heights and continue delivering sustainable value to our stakeholders.



Gowardhan Ghee's winter campaign – Thand Padi, that reiterates the importance of ghee in diet – received the prestigious Creative Shop award in the FMCG (Food, Beverages, Beauty) category at e4m Prime Time Awards 2021



Parag Milk Foods has been awarded by e4m – Pride of India Brands – The best of Bharat Award 2022



Ms. Akshali Shah has been awarded as Asia's most promising Business Leader – 2021 – 2022

Manufacturing and distribution

~3,000
cows at Bhagyalaxmi Dairy Farms

4
State-of-the-art manufacturing facilities

24
depots

300+
Super stockists

3,000+
distributors

3.5 Lakh+
Retail touchpoints

Communities and environment

2,50,000+
Farmers supported

2,000+
Saplings planted

~25%
Reduction in energy via lower CO₂ emissions

Profitability

INR 20,718 Mn
Revenue, growth of 12.5% Y-o-Y

~20%
Y-o-Y growth of core categories

68%
Revenue share of value-added products

93%
Growth from the HORECA segment

3X
Growth in e-commerce

DELICIOUS TASTE, SUSTAINABLE VALUE

Products that offer taste with the goodness of health

Iconic brands that provide meaningful experiences

Limitless energy to achieve your dreams and
conquer the world

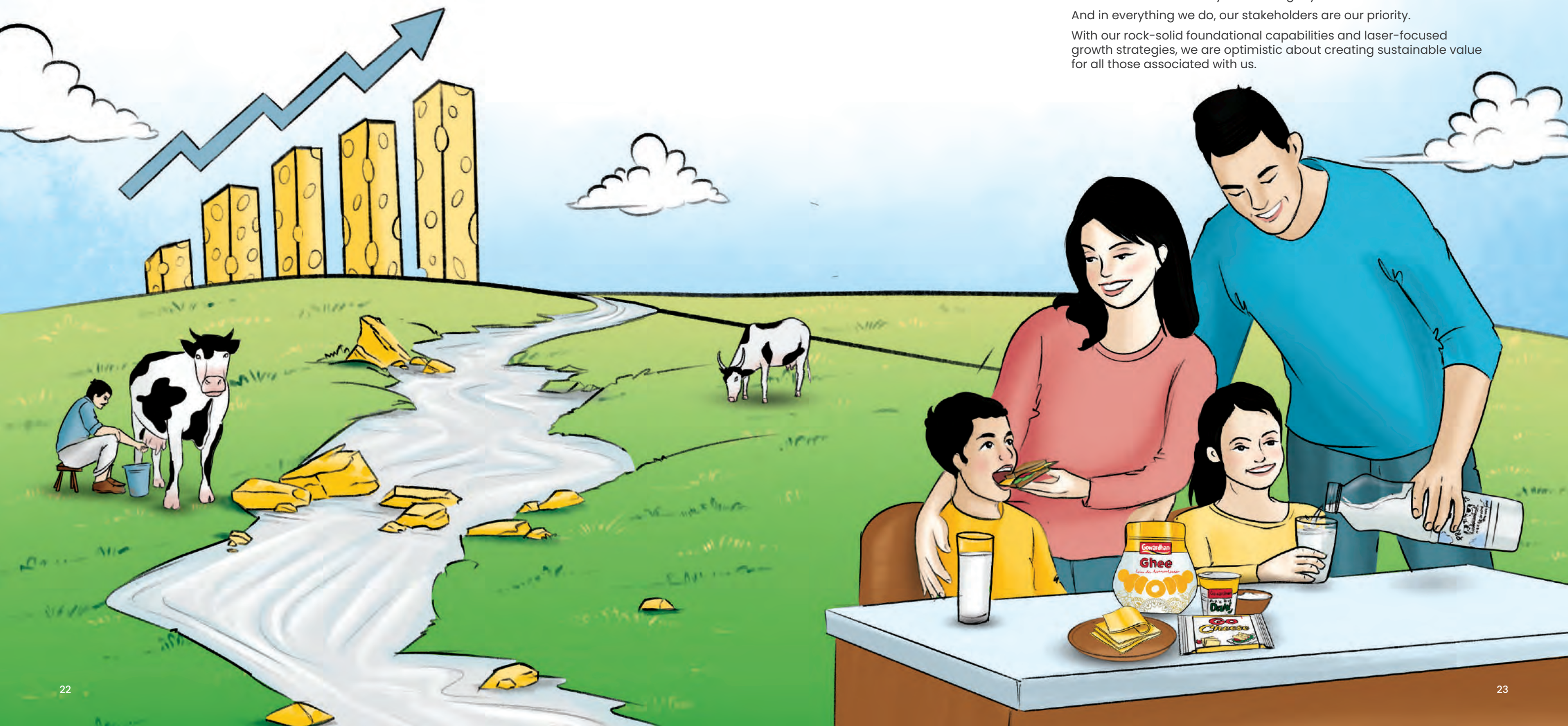
Growing along with the Company's growth

Our Company offers these and a lot more to those associated with us.

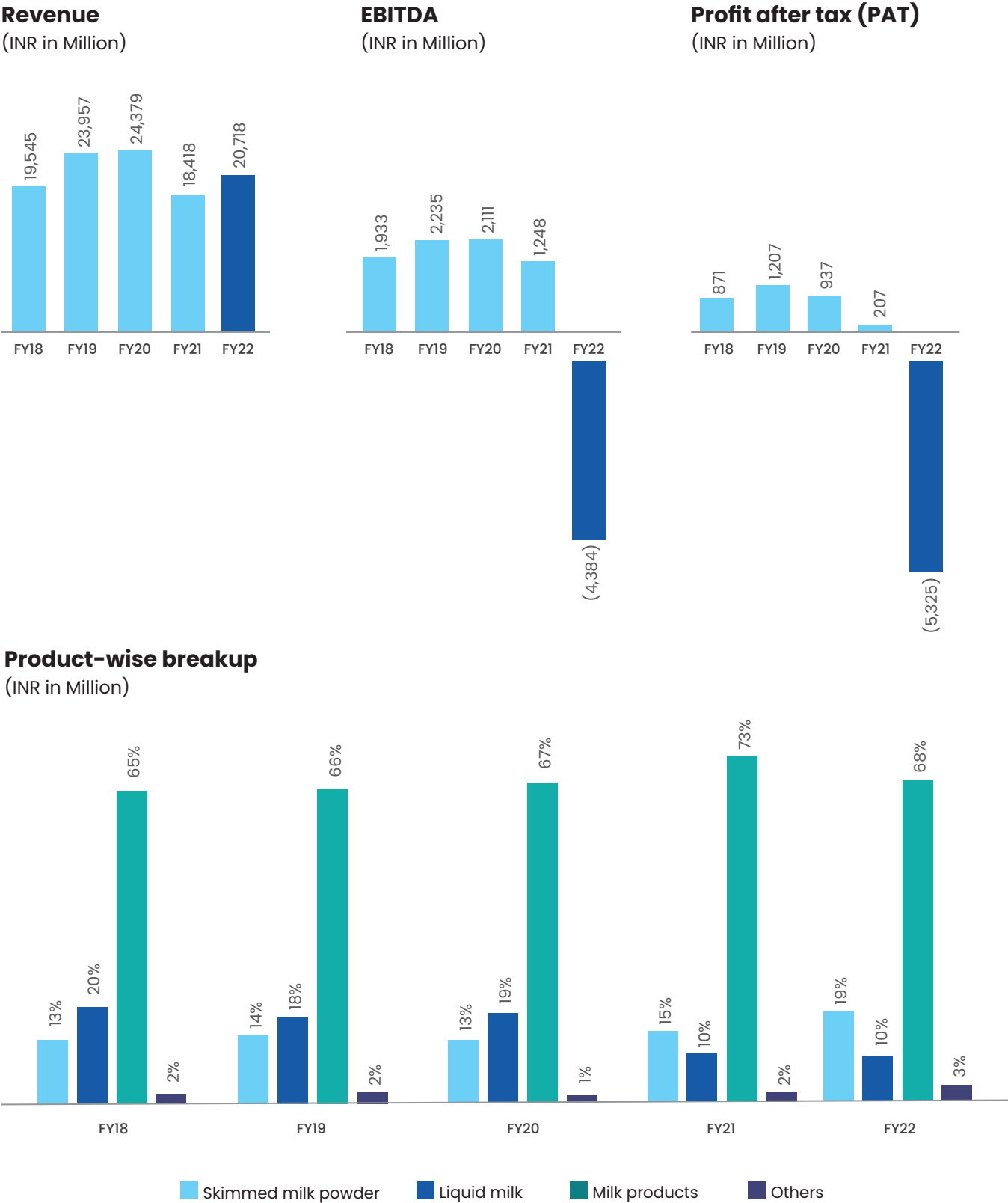
Over the years, our journey has been one of learning and perfecting,
to be where we are today with our legacy brands.

And in everything we do, our stakeholders are our priority.

With our rock-solid foundational capabilities and laser-focused
growth strategies, we are optimistic about creating sustainable value
for all those associated with us.



KEY PERFORMANCE INDICATORS



6Cs – OUR GROWTH STRATEGY

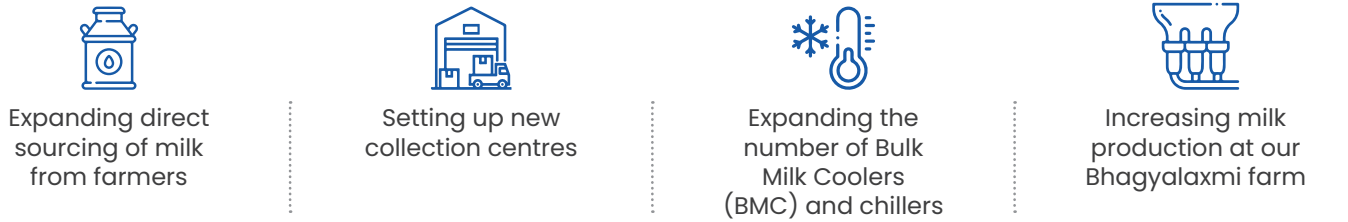
While we make dairy products, we are a company that cares about the nutritional and physical well-being of all those associated with us. We have devised our strategy based on six core areas to ensure that we and our stakeholders grow as we move forward. We have rolled up our sleeves to revolutionise the Indian dairy industry and march towards tenacious growth.

Powered by our 6C strategy – cows, customer, cash, cost, corporate governance and community – we have commissioned Vision 2.0 to make a quantum leap into the radiant future. We have designed our strategy to enable us to win in the marketplace, focus on the long-term sustainability of our business and create value for stakeholders.

COWS

It is said that the quality of raw material determines the quality of the end product. For us ‘raw cow milk’ is the key raw material for all our offerings. All our products are made from 100% cow milk. Thus, cows form an inextricable part of our ecosystem and it is extremely important to source good quality cow milk directly from the farmers, which is why dairy farming plays an important role in our entire value chain.

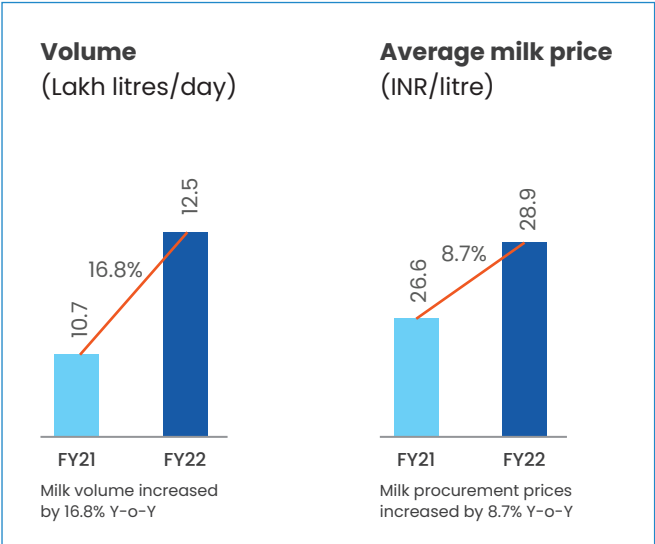
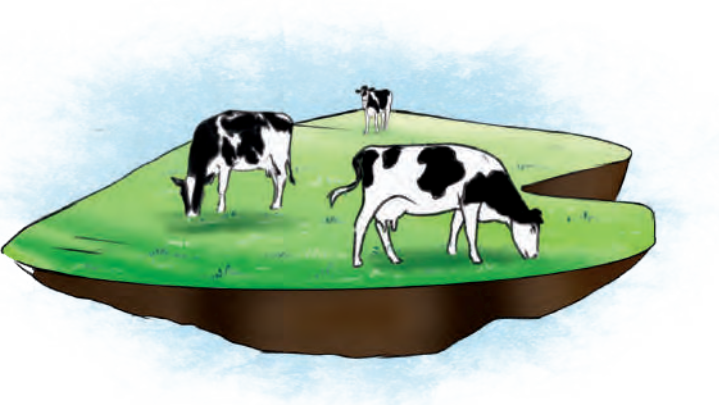
Under our Cows framework, we aim to expand our procurement coverage geographically by:



Currently, we are directly connected with more than **2.5+ Lakh farmers** spread across four states.

For FY22, on average we procured around 12.5 Lakh litres of milk daily, which is 16.8% higher than the quantity procured in FY21. The year witnessed unprecedented inflation across all the elements of cost such as milk, packaging, freight and logistics.

Our response to inflationary pressure has been holistic. Keeping in mind value creation for consumers, we have adopted a mix of price hikes, control on discretionary spending and cost efficiency programmes.



Furthering the capacity of our advanced dairy unit – The Bhagyalaxmi dairy farm

Our backward integrated Bhagyalaxmi dairy farm, which houses ~ 3,000 cows, employs the most modern and sophisticated techniques for producing fresh and pure milk without human intervention.

The farm's 100% fresh and pure premium dairy range has witnessed encouraging responses from SEC A+ audiences. The success of our Bhagyalaxmi farm encouraged us to embark on aggressive expansion plans. We have undertaken 500 acres of land for setting up our 2nd farm in Bota near Nashik, Maharashtra. This expansion will house 5X more cattle, increasing the herd count from the current 3,000 to around 15,000 and milk handling capacity to 1.4 Lakh litres/ day.

We remain excited about this expansion spree. The base work is already done and the project is expected to be completed by 2028.

CONSUMER

Consumers remain the key element for PMFL. Our marketing strategies are being redesigned to understand consumer preferences and behaviour patterns, which are then aligned with our product portfolio. As we continue to enjoy strong sequential demand growth, we are placing concerted efforts for improving our profitability. We have defined our core categories of Ghee, Cheese, and Paneer and will remain committed and focused on accelerating them. We are also expanding our new-age businesses – Pride of Cows and Avvatar. To promote these brands and categories, we are continuously undertaking brand building and innovative campaigns across platforms.



Key strategic priorities

Strengthen and accelerate our core categories

We continued to power our brands with higher investments this year while driving premiumisation, distribution expansion and developing alternate channels for growth. We are embedding digitalisation across all our verticals to stay in sync with technological advancements and to drive efficiencies across the value chain. Our e-commerce channel performed well, and we will continue to strengthen this platform by investing in it.

Our flagship brand 'Gowardhan Ghee' occupies a **20% market share** in the branded cow ghee market

Go cheese is a dominant player in the cheese category with **35% market share**



In our core categories, we have upped our ante in terms of marketing as well as enhanced our distribution field force in newer markets to increase our reach.

Brand building and innovation-led offerings

As an FMCG dairy player, brand building forms an integral part of our progressive business. We aim to bolster our brands through innovative marketing and branding initiatives. In line with this, we have strengthened our brands in FY22 by creating awareness on various platforms such as television, social media, outdoor, in-shop promotions, events and exhibitions, etc. We continue to invest 1-3 % of revenue towards brand-building activities.

We continued to focus on building and strengthening our core categories of Ghee, Cheese and Paneer, which contribute to around 55-60% of our total revenue.



The brand Pride of Cows celebrated 10 years of unconditional love by expressing the promise to deliver premium quality products that remain unchanged with time.



Our sports nutrition brand Avvatar has seen strong acceptance across channels, especially in the digital world. We will continue to invest and strengthen this brand in the future to become the prominent player in the industry.

The brand Avvatar witnessed a **3x growth** in FY22



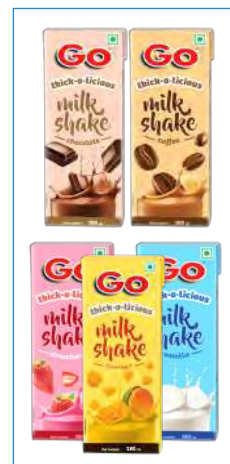
Innovation-led offerings

Our innovation efforts are focused on understanding and pre-empting evolving consumer trends and coming up with quality and differentiated products to delight our consumers. We are well positioned to tap consumer trends and offer new products by leveraging our core systems. Our focus on innovation will continue in the future as well. We aim to improve our sales contribution from our innovation funnel.

With an aim to keep delighting our consumers with high quality and differentiated products, PMFL **launched a series of innovation-led offerings** in FY22



Launched Rapid in 2 flavours



Launched milk shakes in 5 flavours



Introduced paneer in Pride of Cows range



Introduced ghee in Pride of Cows range

CASH

To be a sustainable and profitable business, we constantly strive to:

- Improve the product mix
- Improve working capital cycle
- Optimise short and long-term debt
- Achieve scale benefits

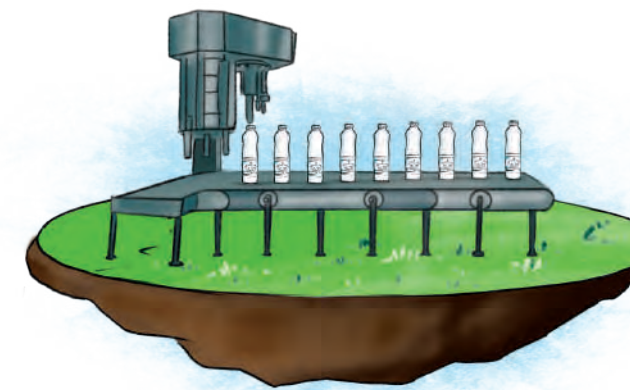


COST

We are undertaking a rigorous cost optimisation and productivity improvement drive by adopting a combination of various methods such as:

- Modernisation of existing equipment
- Process automation
- Improving utilisation
- Reducing waste across operations
- Office consolidation
- Restructuring depots and cold storage
- Optimising the supply chain
- Using alternative energy
- End-to-end integration of technology from procurement and distribution

We are confident that these measures will lead us to save ~2% of our total revenue, contributing to our profitability.



CORPORATE GOVERNANCE

At PMFL, we follow sound business principles and practices to foster a culture of ethics, fairness, transparency and accountability.

We aspire to strengthen our senior management with highly qualified visionary leaders and experts. Enhancing the Board with experienced members, onboarding professionals to lead core management functions, focusing on change management to bolster quality, discipline and accountability, implementing robust internal control are vital to us.



COMMUNITY

At PMFL, our growth strategy is led by strong ESG (Environmental, Social and Governance) practices as it is the cornerstone to attaining long-term success. As a part of this strategy, we have been transitioning many of our plants into solar-powered facilities. A strong commitment toward ESG and a sustainable business model with a balanced ecosystem are the growth engines for PMFL. The company is equipped with a strong execution team and experienced professionals, and it has paved a road for itself, to become a formidable FMCG-led dairy player in the future.

We believe each one of us can make a difference and we have a legacy of improving lives through our social initiatives. We strive to do the right thing always and to be a force for progress.

Striving to have a positive impact on people extends beyond our business. We remain committed to:



Project Omkar

Everyday, we supply milk to school children with hearing disabilities in the Narodi village of Ambegaon taluka in the Pune district of Maharashtra



Project Panjrapole

We provide shelter and care to old, abandoned cows and other animals at our two centres in Panjrapole – Eklare and Jalukay



Project Neem

We provide scholarships to underprivileged students as a means to help them become employable



Help society

We organised health camps, providing food and basic amenities to needy people



Safety training conducted at Pengrugunta village for 1000 children on road safety, LPG safety, basic first aid, fire safety, basic electrical safety



Product distribution to children



Grocery distribution to needy people during Covid-19



Social activity – Temple flower decoration



Convex mirror installed at Kothigutta village for road safety of residents



Safety trainings conducted for surrounding village villagers, on LPG safety



Fire fighting mock drill for surrounding villagers



Camp conducted for Covid Testing and vaccination by local nurses at plant guest house



Covid Kit distribution



Food distribution to the needy



Appreciation for local medical team for their contributions during the pandemic



Plantation done at guest house



Plantation done by villagers

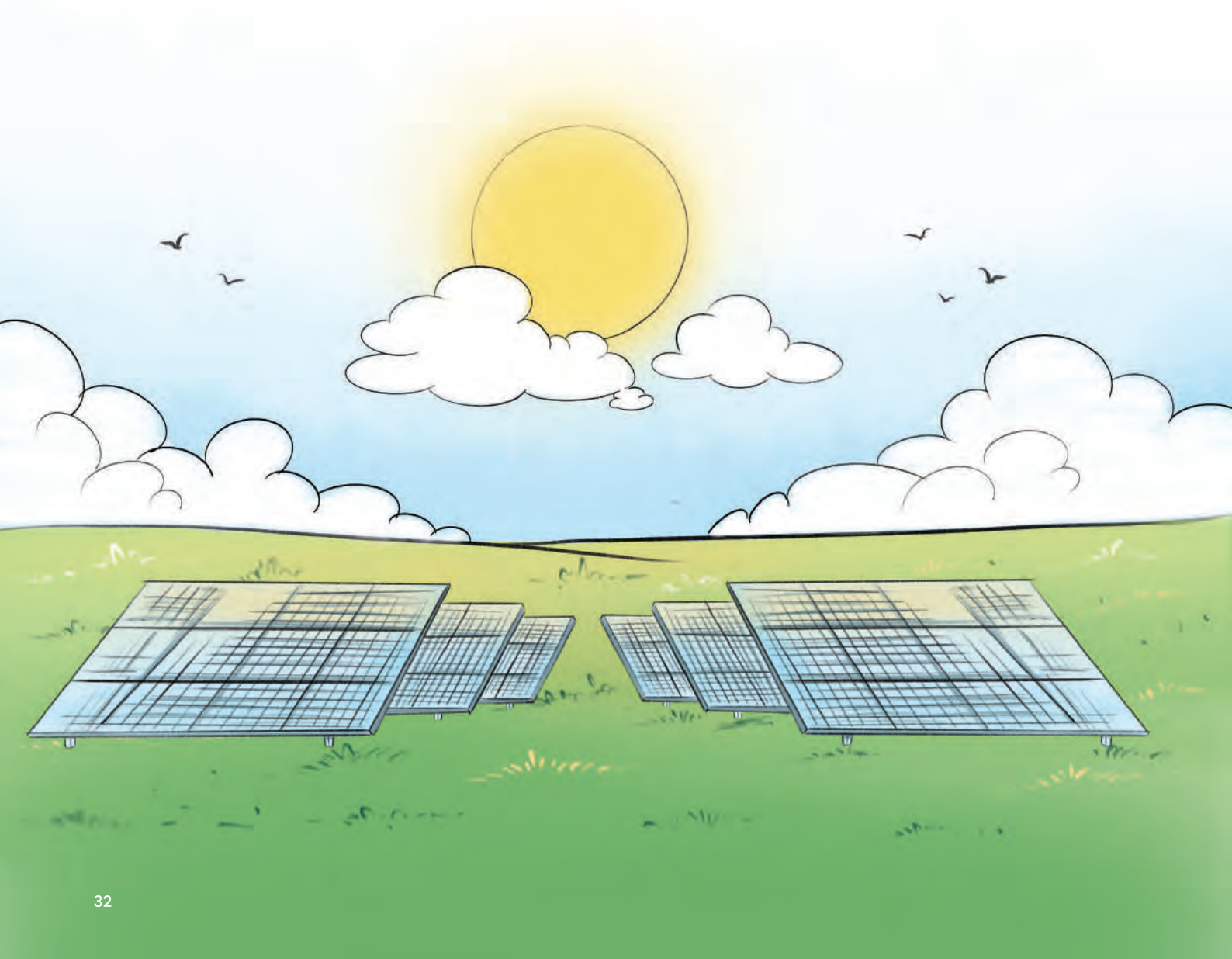
GIVING BACK TO THE ENVIRONMENT

With less than a decade in hand to stop the irreversible damage caused by climate change, our proactive management has set a strategic roadmap for environmental sustainability and profitability.

Energy conservation, resource management, and pollution control are our three priority areas to protect the environment. We also focus on generating zero waste and reducing CO₂ emissions in the near future.

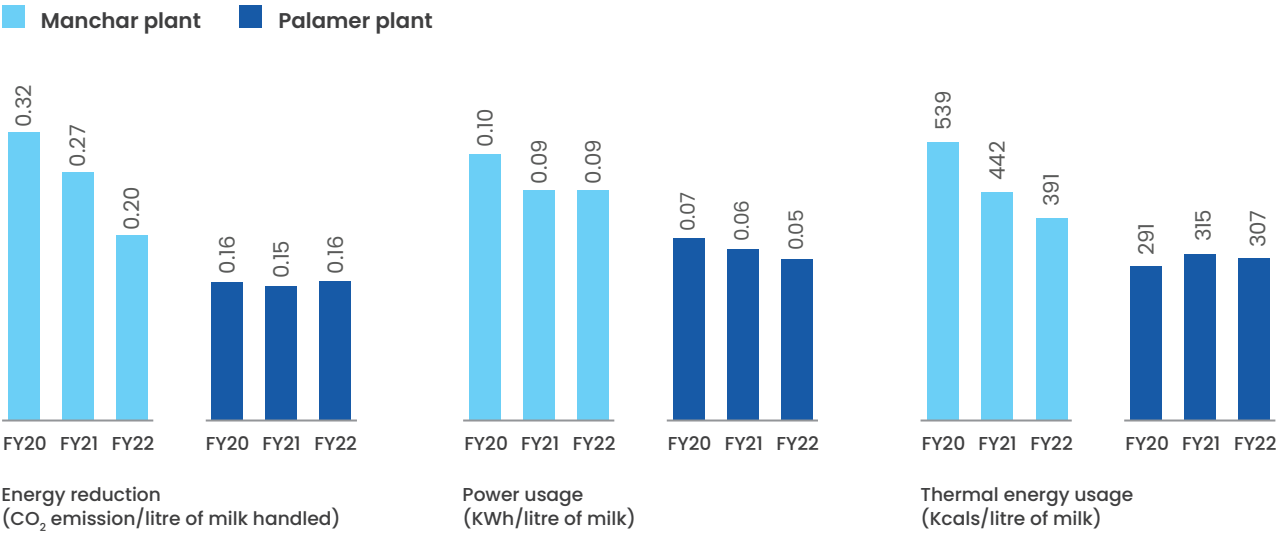
In our effort to conserve and give back to the environment, we have been undertaking various efforts at the farm level. An important step towards reducing greenhouse gas (GHG) emissions was the installation of a biogas digester at our Bhagyalaxmi Farm in July 2021. During the first nine months after installation (July 2021- March 2022), we reduced GHG emissions equivalent to 27 MTCO₂e. This energy, in turn, was converted to ~71 KWh of electricity worth INR 61 Lakh.

On August 12, 2022, our biogas plant was acknowledged and felicitated by Maharashtra Energy Development Agency (MEDA) for its consistent and efficient conversion of biomethane to electricity.



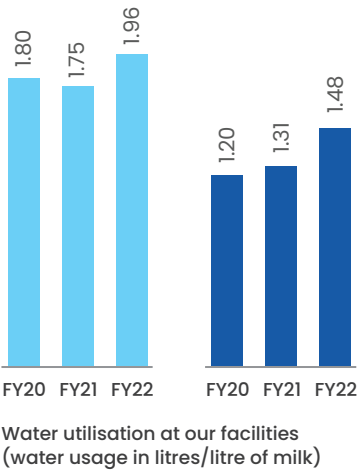
Energy conservation

Our focus is on replacing energy-inefficient pipes, generating energy using solar and solid waste and installing heat recovery systems in boilers to efficiently manage and conserve energy.



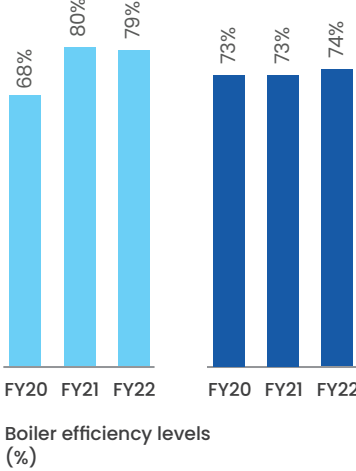
Resource management

We have reduced the water required per litre of milk at our facilities in Manchar and Palamaner. Moreover, ~30% of the water requirement in our units is met with recycled water.



Pollutant control

We have installed a solid waste digester in Manchar and also monitor and control excess air in boilers to reduce the contaminants released into the environment.



CORPORATE INFORMATION

Board Of Directors

Mr. Devendra Shah

Chairman and Whole Time Director
(DIN: 01127319)

Mr. Pritam Shah

Managing Director
(DIN: 01127247)

Mr. B. M. Vyas

Non-Executive,
Non-Independent Director
(DIN: 00043804)

Mr. Ramesh Chandak

Independent Director
(DIN: 00026581)

Mr. Narendra Ambwani

Independent Director
(DIN: 00236658)

Ms. Radhika Dudhat

Independent Director
(DIN: 00016712)

Mr. Nitin Dhavalikar

Independent Director
(DIN: 07239870)

Mr. Nikhil Vora

Non-Executive,
Non-Independent Director
(DIN: 05014606)

Management Team

Mr. Surendra Malviya

Interim Chief Financial Officer

Ms. Akshali Shah

Sr. VP- Strategy, Sales and
Marketing

Mr. Sachin Shah

Senior VP – Southern Operations

Mr. Sanjay Mishra

Senior Vice President

Mr. Ajay Singh Bhadoria

Sr. Vice President Fresh & Liquid Milk

Mr. Ravindra Gupta

Vice President Production

Mr. Sanjay Nakra

Vice President-Operations

Mr. Sudhir Singh

Vice President, Quality and
Assurance

Mr. Pramod Singh

Vice President, General Trade

Mr. Sanjeev Jain

General Manager, Exports

Mr. Arvind Desai

Head HR

Company Secretary

Ms. Rachana Sangneria

CS & Compliance Officer
cs@parag.com

Investor Desk

Ms. Sangeeta Tripathi

Sr. Manager – Investor Relations
sangeeta.tripathi@parag.com

Corporate Communications

Ms. Pournima Surve

Sr. Manager – Corporate
Communication and Public
Relations
pournima.surve@parag.com

Statutory Auditor

M/s Sharp & Tannan

Chartered Accountants
(Firm's Registration No. 109982W)

Ravindra Annexe, 194, Churchgate
Reclamation, Dinshaw Vachha
Road, Mumbai – 400 020

Cost Auditor

Harshad S. Deshpande & Associates

Cost Accountants
(Firm Registration Number: 00378)

403, Kumar Millennium, Shivtirtha
Nagar Kaman, Paud Road, Kothrud,
Pune-411 038

Secretarial Auditor

N. L. Bhatia & Associates

Company Secretaries
(UIN: P1996MH055800)

507, Skyline Wealth Space, 5th
Floor, C2 Wing, Skyline Oasis
Complex, Premier Road, Near
Vidyavihar Station, Ghatkopar (W),
Mumbai – 400 086

Internal Auditor

Grant Thornton Bharat LLP

11th Floor, Tower II

Indiabulls Finance Centre

S B Marg, Elphinstone (W) Mumbai
400013, India.

Bankers

Union Bank of India

State Bank of India

IDBI Bank Limited

Registrar & Transfer Agent

KFin Technologies Limited

Unit-Parag Milk Foods Limited

Karvy Selenium Tower B, Plot No. 31
& 32, Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad – 500 032, Telangana

Plant Locations

A. Manchar Plant

Awasari Phata, Post Manchar, Tal.
Ambegoan, Dist. Pune – 410 503,
Maharashtra

B. Palamaner Plant

149-1, Samudrapalli Village, Post –
Pengaragunta, Palamaner Mandal,
District – Chittoor, Andhra Pradesh
– 517 408

C. Sonipat Plant

Plot No. 2266-2268, Food Park,
Phase-2, HSIIDC Industrial Estate-
Rai, Sonipat, Haryana – 131 029

Registered Office

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

Corporate Office

10th floor, Nirmal Building, Nariman
Point, Mumbai – 400 021

MANAGEMENT DISCUSSION AND ANALYSIS



COMPANY OVERVIEW

Established in 1992, Parag Milk Foods Limited (PMFL) is one of India's largest dairy companies. With manufacturing facilities located in Manchar, Palamaner and Sonipat, PMFL produces a wide range of products including milk, cheese, ghee, paneer, dahi, UHT milk, milkshakes and flavoured milk for its Gowardhan and Go brands. The Company has an automated dairy farm through which it offers farm-to-home milk under the brand 'Pride of Cows'. Through its integrated cheese-to-whey plant, it manufactures whey protein under its Avvatar brand.

Since its inception, PMFL has laid a strong foundation with the deep-rooted trust of the farmers and has grown from strength to strength to own a robust portfolio of product offerings, catering to a wide range of consumers. This year, the Company has further bolstered its foundation by launching a 6C strategy – Cows, Consumer, Cash, Cost, Corporate Governance and Community. Through the 6C strategy, the Company aims to expand its procurement network, increase milk production at its farm, strengthen its core product categories and increase profitability for a sustainable future.

ECONOMIC OVERVIEW

Global Economy

According to the World Economic Outlook July 2022 of the International Monetary Fund (IMF), the global economy grew at 6.1% in 2021. The Russia-Ukraine war impacted global output and escalated inflation. As the new Omicron and Delta variants spread, countries resorted to stricter mobility restrictions. Risks to economic prospects increased and policy trade-off became complex. The pandemic also impacted manufacturing activity, which in turn led to supply shortages, release of pent-up demand and high inflation in many emerging and developing economies. Lower vaccine access in developing economies (leading to a divergence in the recovery rate), coupled with rising food prices, have added to the food insecurity burdens of poorer households, increasing the risk of social unrest. While slow recovery continues, the momentum has weakened and uncertainty has increased.

Outlook

The IMF estimates global economic growth to moderate to 3.2% in 2022 – marginally lower than the historical average of around 3.4% (2015-19). This moderation in global growth is projected on account of the Russia-Ukraine conflict, resulting in worldwide inflation driven by the war-induced commodity price increases and supply chain disruptions. Geopolitical fragmentation, increased border tension and persistent price pressures could continue to impact living standards worldwide and force several governments to tighten monetary policy. Thus, overall, economic risks will rise considerably, making policy trade-offs more complicated.

INDIAN ECONOMY

According to the National Statistics Office (NSO), the Indian economy contracted a significant 7.3% in FY21 owing to the disruptions caused by the COVID-19 pandemic. The economy grew by 8.7% in FY22, marking India as one of the fastest-growing major economies in the world. Activity in several parts of the country is back to pre-pandemic levels. Favourable monetary and fiscal policy, mass vaccinations and significant progress on structural reforms have contributed to the recovery. Manufacturing grew by 9.9% for a major part of the year, only to

be hampered by supply chain blockages in Q4. The agriculture sector, on the contrary, slowed to 3% in FY22, compared to a growth of 3.3% in the previous fiscal. Banks and Non-banking Financial Companies (NBFCs) have healthier balance sheet positions compared to 2018 levels. The Russia-Ukraine war impacted the economy in the later part of the year, resulting in rising turmoil in the global financial market and a loss of momentum in global trade and demand. To help the economy grow, the Reserve Bank of India (RBI) has hiked interest rates totalling to 90 bps in April-June 2022.

Outlook

The economy is expected to remain resilient and benefit from the recovery in consumption supported by increasing normalisation of activity, higher rural income and the boost from pent-up household savings in addition to continued emphasis on infrastructure spending by the government. Government CAPEX is budgeted to grow to 2.9% of GDP in FY23, the highest in nearly two decades. Private corporate investment is also expected to pick up in the second half of the year with improvement in demand leading to increased manufacturing sector capacity utilisation and rollout of the Production-Linked Incentive Scheme (PLI). India's GDP is estimated to grow at 7.4% in FY23 due to the strong economic fundamentals and growth-promising sectors such as engineering, pharmaceuticals, transportation and construction. The outlook stands to be impacted given sustained inflation pressures in the next few quarters, including the impact of the Russia-Ukraine conflict, quicker tightening of financial conditions with RBI's rate hikes, high oil prices impacting current account balance, fiscal deficit and subsequent COVID-19 outbreaks.

INDUSTRY OVERVIEW

FMCG industry

The fast-moving consumer goods (FMCG) sector is India's fourth-largest sector. It grew at 16% in FY21 and is expected to increase at a CAGR of 14.9% to reach USD 220 billion by 2025 (Source: IBEF: FMCG Industry in India).

The biggest drivers in the growth of India's FMCG industry are the growing youth segment and working women population, rising incomes and purchasing power, higher brand consciousness,

changing consumer preferences, growing urbanisation and an increase in the number of upper middle class consumers. Rising internet penetration and digital connectivity in rural areas are leading to significant demand for FMCG products through e-commerce portals. Rapid real estate infrastructure development, easy credit, increasing efficiency due to supply chain expansion and rising investor interest are all aiding the growth of India's FMCG industry.

Global dairy industry

The dairy industry is one of the largest and most dynamic global agricultural industries. Dairy farming and processing are integral to national economies and individual livelihoods. There are about 133 Million dairy farms globally. Over 600 Million people live on dairy farms including 80 Million women, around 37 Million of whom head their farms. 9% of the global milk production is traded annually. Dairy farming is an agricultural activity that refers to the production of milk from farm animals. The dairy industry encompasses businesses from the farm gate through to food manufacturing. Dairy products include any food product originally derived from animal milk. Dairy production occurs throughout the world with varying degrees of sophistication, ranging from peasant subsistence production to commercially astute, automated and integrated corporations.

In 2021, the global production of milk and milk products reached a volume of 882.2 MT, growing at a CAGR of 0.8% during 2014-2021. The global demand of milk continues to grow, driven by several factors such as population growth, rising incomes, and urbanisation and westernisation of diets in developing countries such as China and India. Most of the dairy production is consumed in the form of fresh dairy products, including pasteurised and fermented products. The share of fresh dairy products in world global consumption is expected to increase in the coming decade due to stronger demand growth in Asian countries including India. World per capita consumption of fresh dairy products is projected to increase by 1% p.a. in the coming decade, slightly faster than the last decade, driven by higher per capita income growth.

In 2019, India represented the largest dairy-producing region, accounting for 22% of the total global production of milk and milk products. India was followed by the European Union (20.03%), the United States of America (11.51%), China (7.09%) and Pakistan (5.36%). China represented

the world's biggest importer of milk and milk products accounting for 19.2% of the total global imports in 2019. China was followed by Mexico (5.7%), Algeria (5.5%), Russian Federation (4.8%), Saudi Arabia (4.4%) and Indonesia (3.8%). In 2021, the global production of milk and milk products reached a volume of 882.2 Million tonnes, growing at a CAGR of 0.8% during 2014-2021. Overall, during 2022-2027, the total production of milk and milk products is expected to grow at a CAGR of 3.03%, reaching a volume of 1,037.4 Million tonnes by 2027.

Globally, cow milk represents the preferred milk type across the world. Cow milk accounted for 81.5% of the total milk production in 2019 and represented the most popular source of milk in the European Union, the United States of America, China, Australia and New Zealand. Cow milk was followed by buffalo milk, which accounted for 14.7% of the total milk produced in the world.

Indian dairy industry: Milk production and consumption trends

India represents one of the largest and fastest-growing markets for dairy products. In 2020-21, the total milk production and consumption in India reached a volume of 209.3 MT and 204 MT, respectively. By 2026-27, the production and consumption levels are expected to reach a volume of 273.7 MT and 272.6 MT, respectively. The total size of the dairy market was worth INR 11,065.8 Billion (USD 147.5 Billion) in 2021, growing at a CAGR of around 11.7% during 2014-2021. Most of the market (64%) was accounted for by the unorganised segment with a value of INR 7,105.3 Billion (USD 94.74 Billion). However, the penetration of the organised segment with a value of INR 3,960.4 Billion (USD 52.8 Billion) is also increasing rapidly in the country. During 2014-2021, the organised market grew at a CAGR of 17.3% compared to the 9.3% growth of the unorganised segment during the same period.

Looking forward, the Indian dairy market is expected to maintain a CAGR of 15.2% during 2022-2027, reaching values of INR 26,063.7 Billion by 2027. The unorganised market is expected to reach a value of INR 14,381.7 Billion (USD 186.8 Billion), growing at a CAGR of 12.5% during the same period. The organised market is expected to grow at a CAGR of 19.3% during 2022-2027 and reach a value of INR 11,682.0 Billion (USD 151.7 Billion), accounting for around 44.8% of the total market by the end of the forecast period.

Indian dairy industry: Market drivers



A strong historic and forecasted economic growth: This is increasing disposable incomes and driving the demand for dairy products.



Rising middle class and urban population: This is driving the demand for organised dairy products.



Large working population: This is driving disposable incomes, increasing the consumption of ready-to-eat/drink dairy products and driving consumers to eat out or order takeaway foods.



Changing dietary patterns: Indians are now consuming lesser amounts of cereals and increasing their consumption of milk and milk products.



Large vegetarian population: This population depends on milk as a key source of protein.



Growth of niche dairy products: For years, the dairy industry was focused only on cow and buffalo milk and milk-based products. Rising internet penetration and increasing consumer awareness have, however, upended this long-standing norm. Consumers are increasingly inclined towards better, healthier alternatives.



Increasing demand for value-added products: In India, around 50% of the milk produced is consumed in the form of liquid milk and the balance is converted into various value-added products. The value-added market has taken the dairy industry by storm as the consumption of these products has been consistently increasing over the past few years. Further, as the spending capacity of the consumer is increasing, along with rising awareness of health and fitness, there is an enhanced willingness to buy healthier and superior-quality food products.

Government Initiatives

- **IDDP (Intensive Dairy Development Scheme):** To enhance milk production and improve the entire dairy supply chain by providing financial aids and technical inputs
- **Strengthening Infrastructure and Clean Milk Production Scheme:** To promote clean milk production and the creation of necessary infrastructure for it
- **National Program for Cattle Breeding:** Genetic upgradation by bringing all breedable females among cattle under organised breeding through artificial insemination
- **Central Fodder Scheme:** To promote fodder cultivation and animal feed processing
- **Dairy Venture Capital Fund Scheme:** To promote ventures in the dairy sector.
- **National Dairy Plan:** To increase milk production in India

PARAG MILK FOODS LIMITED (PMFL) BUSINESS OVERVIEW



Over the years, the Company has emerged as India's largest FMCG-dairy company offering milk and milk-based products made from 100% cow's milk. It is a fully integrated value chain player that has complete control over key processes right from procurement, processing, supply chain and distribution with a focus on maintaining the highest standards of quality and purity. The Company's best practices and state-of-the-art infrastructure, which produce pure, nutritious dairy products, make us the partner of choice of millions of households and thereby, make us confident to deliver sustainable and profitable results.

The Company's brands Gowardhan, Go, Pride of Cows and Avvatar are well-recognised as leaders in their respective product categories. PMFL's core categories of ghee, cheese and paneer have been performing better than the industry average.

Ghee

Ghee is a traditional ingredient in Indian households and is used as a cooking oil. It is one of the largest segments in the Indian dairy industry. The total market size of ghee in 2021 was INR 2,624.5 Billion. It is expected to grow at a CAGR of 10.1% reaching INR 4,694.6 Billion (USD 59.5 Million) by 2027. Cow ghee, a part of this market, was valued at around INR 679.7 Billion (USD 9.1 Billion) in 2021. The total sales of cow ghee in India is expected to grow at a CAGR of 10.2% reaching INR 1,238.4 Billion (USD 15.7 Billion) by 2027. Our flagship brand 'Gowardhan Ghee' continues to enjoy the leadership position in this growing category, with a 20% market share in the cow ghee market.

Paneer

Paneer is one of the most extensively consumed dairy products in India. It is used in various combinations with other vegetables and dishes and forms an important ingredient of Indian traditional cuisine. The paneer market in India exhibited strong growth from FY15 to FY20. In 2021, paneer had a market size of INR 420.6 Billion and is expected to reach INR 1,104.9 Billion by 2027, growing at a CAGR of 18%. The Company has a huge opportunity in this category as it is a highly

unorganised segment and branded products make up only 4% of the total market. With a distinctive offering of being fresh with a 75-day shelf life, 'Gowardhan Paneer' is quickly gaining market acceptance and will contribute to the top line. PMFL is well placed to meet the growing demand with its technologically advanced processing capacities of 20 MT per day. (Source IMARC)

Cheese

The cheese market in India in 2021 is pegged at INR 56.7 Billion and is expected to grow at a CAGR of 23% over 2021-27 to reach INR 200.9 Billion by 2027. India is currently the world's largest producer of milk owing to which the cheese market holds significant growth potential. With the rising influence of western cuisines and increasing disposable incomes, consumer demand for cheese is rapidly rising in the country. The Company offers newer flavours and formats of cheese as a dominant player in the rapidly expanding and evolving modern dairy segment. 'Go Cheese' currently holds around 35% market share and is expected to grow in this rapidly expanding industry. With a manufacturing capacity of 60 MT of cheese per day, PMFL has the infrastructure in place to meet growing consumer demand.

Whey protein

Whey is the by-product of cheese and contains a high amount of milk protein. Looking at recent trends in the production of indigenous milk products, there is a massive opportunity in this segment. In 2021, the total whey powder market in India was valued at around INR 6.4 Billion (USD 84.8 Million), growing at a CAGR of around 11.3% during 2014-2021. Looking forward, we expect the total whey powder sales to grow at a CAGR of 20.8% during 2022-2027 reaching values worth INR 19.9 Billion (USD 252.4 Million) by 2027. Various factors such as steady demand from nutritional applications such as nutritional formulas, infant formulas, milk-based nutritional drinks, sports nutrition and weight management products are expected to represent the key catalysts of this segment in the coming years.



PMFL's sports nutrition brand '**Avvatar**' which was launched in 2017 has seen strong acceptance into the rapidly expanding health and nutrition market. PMFL is the first company in India to produce fresh vegetarian whey protein. The brand Avvatar has received positive consumer response and acceptance. With a daily processing capability of 10 Lakh litres of whey, PMFL's existing infrastructure is well-equipped to meet the expanding demand in this developing category. PMFL has targeted to launch more products in this segment to garner a ~7% contribution to its total revenue from this segment over the medium term.

Lactose

The Indian lactose market size is ~40,000-45,000 MT and is valued at INR 5,000 Million (~USD 70 Million), with a major part of the requirement being met through imports. To continue on the journey of being a health and nutrition Company, PMFL has introduced high-potential lactose products that have added value to the Company's cheese and whey business. To capture this huge opportunity, the Company has set up a state-of-the-art facility with a capacity to manufacture 40 MT of lactose per day.

Liquid milk

Fresh milk is the most consumed dairy product in India. It is also the most trusted source of essential nutrients for health. With a growing population, the consumption of milk is also on the rise. Health consciousness, dietary needs and rising living standard have been major contributors to the rising demand for fresh milk. The liquid milk segment was valued at INR 6,484.9 Billion (USD 86.5 Billion) in 2021. Driven by factors such as the growing population and increasing disposable income, the total market for liquid milk in India is expected to grow at a CAGR of around 15.4% during 2022-2027, reaching INR 15,584.5 Billion (USD 197.4 Billion).

Skimmed milk powder

The Indian skimmed milk powder (SMP) market experienced strong growth from FY15 to FY20. Milk powder manufacturing is a simple process carried out on a large scale. It involves the gentle removal of water at the lowest possible cost under strict hygienic conditions while retaining all the desirable natural properties of milk: colour, flavour, solubility and nutritional value. The Indian skimmed milk powder (SMP) market is expected to grow at a CAGR of around 11.5% between FY21 to FY27.

UHT Milk

UHT milk, or ultra-high temperature milk, is made by processing milk at high temperatures to remove pathogens. The UHT process preserves all

the nutrients present in milk and makes it suitable for storage at room temperature for a long period without any preservatives. UHT milk is more convenient than ordinary fluid milk as it does not need to be stored in a refrigerator or boiled before consumption. Currently, one of the major factors driving the market is the ease of storage of UHT milk, which facilitates its transportation over long distances to milk-scarce regions. Some of the other growth-inducing factors include ease of use, long shelf life, changing dietary habits, etc. The UHT milk market in India is expected to grow at a CAGR of 19.5% between FY21 and FY27

Curd

Curd represents an essential part of a balanced diet and can also be consumed by lactose-intolerant people. Owing to the high content of calcium, vitamin D, proteins and phosphorus present in it, curd helps strengthen bones and improve digestion. In 2021, the total curd market in India was worth INR 1,184.3 Billion (USD 15.8 Billion), growing at a CAGR of around 13.8% during 2014-2021. Going forward the curd market in India is expected to grow at a CAGR of 15.4% during 2021-27.

Milkshakes

Consumers who contribute to the demand for this product are mostly the young and the salaried class. The Indian milkshake market has reported strong growth during FY15 and FY20. The market is expected to grow at a CAGR of 21.9% during FY21 to FY27. It is currently being driven by numerous factors such as a large young population, changing lifestyles, convenience, value addition, health consciousness, etc. The Company is continuing to introduce products across price points for its fast-moving beverage segments.

Bhagyalaxmi Dairy Farm & Bioscience Division

The Company has deployed backward integration in its own Bhagyalaxmi Dairy Farm, India's most advanced farm spread across 35+ acres and equipped with the best international technology. It is home to ~3,000 cows. The offerings are premium in nature and are sold under the brand 'Pride of Cows'. They are marketed to SEC A+ consumers. Among the products offered by Pride of Cows are whole milk, fat-free milk, ghee, paneer and curd. The Company has pioneered the 'farm to home' concept and has seen incredible growth ever since. Further, to strengthen PMFL's backend presence and cater to the growing needs for fresh, unadulterated premium dairy products, the Company plans to expand and aims to increase its milk production capacity to 1,40,000 litres in the future, with a cattle capacity of around 15,000. This expansion is

aimed at seeding the market with increased milk production.

The Company's Bhagyalaxmi BioScience division studies various formulations for quality cattle feed to improve milk yields as well as sustainability. It also ensures cow dung and urine are converted into useful manure that can be marketed and sold. The division also has its biogas plant with 600 cubic metres power generation capacity, which converts gas fit for captive consumption. The farm is based on the three Rs –reduce, reuse and recycle.

One time balance sheet impact

In the last three decades, PMFL has built very strong goodwill and relationships with the farmers as they are the key stakeholders and hold an important position in the dairy value chain. During the pandemic, the Company supported the farmers and their families to sail through tough times. PMFL collected every drop of milk that arrived at factories in a view to support these farmers. It planned, produced and built inventory to capture the market share.

While working on an integrated business model and making footprints in the dairy FMCG market, the COVID-19 pandemic hit. Based on the ongoing assessment, the Company identified certain unpredictable and unforeseeable cumulative material impacts. It evaluated the repercussions of COVID-19 on the carrying value of inventory, trade receivables and loans and advances based on internal and external sources of information. It also determined that the carrying values of inventory and loans and advances needs to be written down provided for, over and above the normal requirement in the quarter-ending March 2022 / year-end consolidated financial results.

Due to the consequential impact of the above, the write-off of inventories to net realisable value as of March 31, 2022, amounted to INR 5,095.46 Million. The write-down is included in the cost of materials consumed or changes in inventories of finished goods and work-in-progress ones. Along with it, there was an additional impact on the financials to the tune of INR 1,179.84 Million, which was adjusted against milk advances and the cost of materials consumed. These items are a one-time write-off and will have no cash impact on the ongoing operations of the business.

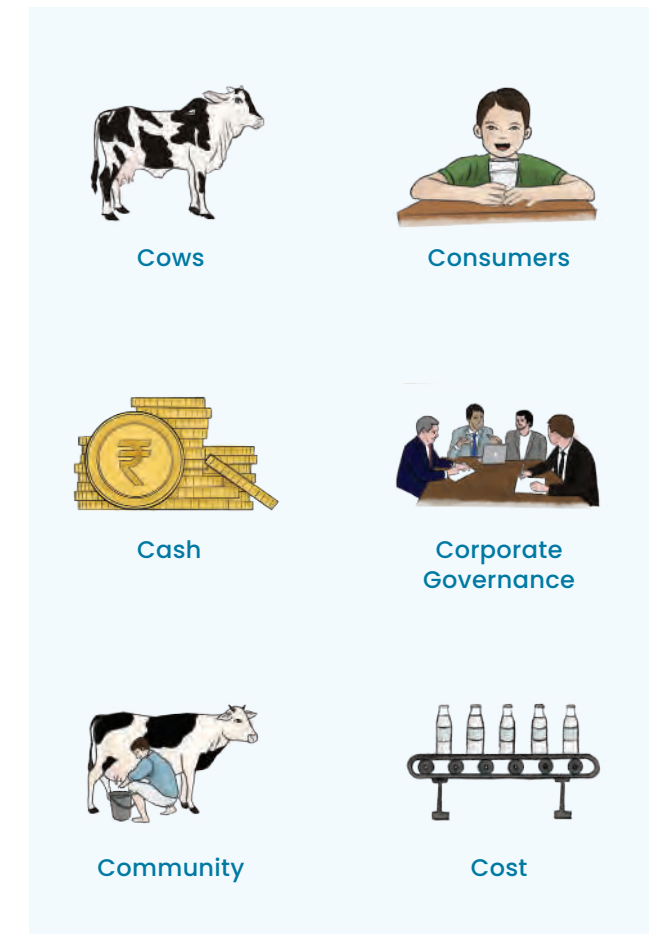
BUSINESS STRATEGY AND OUTLOOK

PMFL is one of the leading FMCG dairy companies, with top-of-the-mind consumer brands such as Gowardhan, Go, Pride of Cows and Avvatar, coupled with a strong infrastructure and robust distribution network that is geared towards capitalising on the strong opportunity provided by the changing macro environment.

The business continued to strengthen its capabilities with a wide portfolio of products aspiring for a larger share of the consumer wallet.

PMFL has embarked on the 6C framework that encompasses 1) Cows 2) Consumers 3) Cash 4) Cost 5) Corporate Governance and 6) Community to continue growing and creating sustainable value for its stakeholders.

PMFL's 6C framework



FINANCIAL HIGHLIGHTS

PMFL's consolidated revenue from operations for FY22 stood at INR **20,718** Million, reporting a growth of 12.5% as compared to INR 18,418 Million in FY21, driven by improvement in core categories which reported ~20% growth. Further, improvement in distribution and buoyancy in the overall demand aided the robust performance.

The share of value-added products for FY22 is 68% of total revenue, while that of liquid milk and Skimmed Milk Powder was 9.5% and 19% respectively.

The Company reported a loss of INR 5,325 Million, post incorporating the inventory write-down of INR 5,095 Million.

PMFL witnessed growth in its core categories and new-age businesses despite bearing the brunt of COVID-led lockdowns and restrictions. The Company's flagship brand, Gowardhan Ghee, continues to enjoy the leadership position in the cow ghee category in key markets. The brand has witnessed continuous traction throughout the year and this momentum is expected to sustain ahead as well.

To entice and create brand recall and awareness among young and tech-savvy consumers, PMFL has strategically placed its Go Cheese communication on digital platforms for which it has received a tremendous response. For the year, the cheese category continues to have a dominant position in the market.

PMFL's sports nutrition brand Avvatar has seen strong acceptance across channels, especially in the digital world. The brand has grown three times in FY22. The Company remains optimistic about this category and will continue to strengthen and invest in this brand in future.

The Company's e-commerce business has tripled in the last fiscal, increasing the demand for PMFL's products across segments and categories at an accelerated pace. It is one of the crucial pillars of distribution strategy as it helps broaden the Company's reach to the markets with lower incremental advertising spends. This distribution platform provides higher visibility to capture market share.

HoReCa made a remarkable comeback with a strong 93% growth in FY22. Despite taking the highest hit in sales during the pandemic, growth in this segment crossed pre-COVID levels.

Export sales contributed 1.5% of the overall revenue. The products received good recognition in key international markets of the Middle East, South East Asia, Africa and Indian subcontinents.

For FY22, the Company's milk procurement prices increased by 8.7%. In line with the commodity prices, milk prices also increased continuously. Under this unavoidable situation, the Company passed the higher raw material costs by increasing the product prices and the same has been absorbed and accepted positively by the markets, which is a reflection of the Company's brand strength.

*Please refer Note no. 45 for Significant changes in the Key Financial Ratios along with the detailed explanation thereon

HUMAN RESOURCES

Human capital is the most critical resource of the Company and it plays an inevitable role in business continuity and success. A competent HR policy framework enables the Company to attract skilled talent, offer adequate training and skill development programs, ensure employees are motivated and create an environment conducive to their personal and professional growth. The Company constantly strives to upgrade its processes and methods and leverage innovation to enhance the capabilities of its workforce. Our HR policies foster the all-round development of employees, and build a culture of mutual trust and appreciation. Increased efficiency and involvement, in turn, enable to align employee values, goals and mission with that of the organisation. Regular skill development programs and training initiatives lead to stronger employee connections and superior performance. Selected employees are further groomed under the guidance of prominent institutes. Several rewards and recognition programs and employee benefit schemes ensure high levels of employee engagement and motivation. Such positive work culture enables the Company to attract and retain key talent. The Company strives hard to maintain a safe, conducive and productive environment to foster a culture of constant learning, self-growth and satisfaction for all employees. As of March 31, 2022, the Company had 1,572 employees.

RISK MANAGEMENT AND MITIGATION STRATEGIES

Risks	Mitigation measures
Pandemic risk: Restricted mobility, lockdowns, reduction in disposable incomes and supply chain disturbances due to the pandemic adversely impact the business.	The Company's resilient business model and strong commitment toward business and people at large enable it to carry out business operations smoothly even amidst challenging times. The Company undertook a host of measures to ensure the safety of all its employees and suppliers without compromising on business.
Redundancy risk: Market trends rapidly evolve with changing times. The Company needs to keep pace with changing consumer needs and accordingly innovate flavours and new products/categories.	The Company has an R&D team responsible for keeping a close eye on emerging trends and formulating new products to avoid the risk of redundancy.
Supply risk: Inadequate supply or unavailability of milk may lead to production delays and impact brand equity.	The Company has a long-lasting relationship with farmers, which enables it to ensure adequate inventory at all times. Further, a strong inventory management system enables to mitigate supply risk. Amidst the pandemic, when milk supply was more than demand, the Company, to secure its farmers, continued to convert surplus milk to higher shelf-life products.
Concentration risk: Dependence of business on only four states reduces the robustness of business as any unforeseen changes in the economy of these states may hamper sustainability.	The Company is constantly working to de-risk its business by expanding business to adjacent areas and similar geographies.
Competition risk: The Company faces immense competition from both domestic and international players given the high growth prospects of the dairy industry.	Long legacy, strong brand equity, unparalleled bond with all stakeholders and undivided focus on innovation gives a strong edge to the Company over the competition.
Regulatory risk: Any unforeseen changes in the legal and regulatory environment may lead to non-compliance with local and global laws and regulations. This may result in erosion of brand equity and may result in claims or enforcement.	The Company's robust risk and controls management system ensures strict compliance with all applicable rules and statutes. The Company also has established processes and governance to drive implementation and compliance with the Company Rules and Code of Business Conduct.

INTERNAL CONTROL AND ADEQUACY SYSTEM

To encourage a strong culture of integrity, ethics and management efficiency; provide reasonable assurance on the efficient conduct of business and ensure the safeguarding of assets, reliability of accounting practices, prevention of frauds/errors and compliance with the applicable regulatory requirements, the Company has robust internal financial control (IFC) systems in place, commensurate with the size and industry in which it operates. The IFC systems are effectively managed by the Board of Directors who set the guidelines and verify their adequacy, effectiveness and application. To keep a close eye on the overall governance processes within

the Company, including the application of a systematic risk management framework, a regular assessment of the effectiveness of IFC systems is conducted.

The Audit Committee evaluates and monitors the internal controls and processes. Based on their recommendations, the internal controls are constantly upgraded. Any deviations from the standard are corrected and measures are taken to strengthen the internal control framework further. A quarterly report is presented to the Board. To ensure the well-being of its employees, the Company has a well-designed code of conduct. It is reviewed and monitored at regular intervals and in case of violations, prompt action is taken.

CSR

PMFL believes in inclusive growth encompassing the health, welfare and development of its people and the communities around its place of operations. Some initiatives the Company undertook during the year:

- Since the White Revolution, the Company has been striving to relieve the stress of dairy farmers by providing support through various initiatives such as transparent procurement pricing, subsidised cattle feed, free cattle vaccinations and free health camps. The Company always procures all the produce of the farmers, including the surplus. During the pandemic, when supply chains were disrupted and milk demand had become lower than the supply, the Company continued to procure all the produce from farmers and converted it into high shelf life products.
- Every day, the Company supplies milk to deaf school children in the Narodi village of Ambegaon taluka in the Pune district of Maharashtra.
- It provides shelter and cares for old, abandoned cows and other animals at two centres (Panjrapole) in Eklare and Jalukay.
- PMFL distributed snacks to all schools and junior colleges during Independence Day and Republic Day celebrations at Awasari Khurd.
- The Company also provides scholarships to underprivileged students as a means to help them become employable.
- The Company engages in teaching best farm practices to farmers in surrounding areas through a study tour of Bhagyalaxmi Dairy Farm, helping them to understand techniques for improving cows' milk yields.
- The Company practices Zero Accident Culture and drives several workplace safety initiatives. All manufacturing units adhere to the highest safety standards and protocols. The Company manages occupational health and safety by systematically assessing the hazards and mitigating risks through awareness programs and safety training for all employees. All health and hygiene needs at the workplace are taken care of by engaging with occupational health experts.
- During the challenging COVID-19 times, the Company ensured maximum support to the farmer community and ensured business continuity so that the consumer is well provided for.
- Health of all employees was monitored daily and the workplace was sanitised regularly.
- Social distancing measures were implemented within the plant boundaries and all transport vehicles adhered to safety rules prescribed by the government.
- The Company employs limited manpower and adopts automation techniques and longer work shifts to ensure that the plants operate at optimum capacities.

CAUTIONARY STATEMENT

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

*Please note that IMARC's report on 'Dairy Industry in India 2022 Edition: Market Size, Growth, Prices, Segments, Cooperatives, Private Dairies, Procurement and Distribution' forms the basis of the industry statistics presented in this section.

DIRECTORS' REPORT

To,
The Members,
Parag Milk Foods Limited

The Board of Directors takes pleasure in presenting the Thirtieth Annual Report and the Company's audited standalone and consolidated financial statements of Parag Milk Foods Limited ("Parag" or "the Company" or "your company") for the financial year ended March 31, 2022. The consolidated performance of the Company and its subsidiary has been referred to wherever required.

In Compliance with the applicable provision of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), this report covers the financial results and other developments during the financial year from April 1, 2021 to March 31, 2022, in respect of the Company and its subsidiary company. The consolidated entity has been referred to as "Parag Group" or "the Group" in this report.

FINANCIAL RESULTS - HIGHLIGHTS

The standalone and consolidated financial statements of the Company for the financial year ended March 31, 2022, have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) and Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The summarized financial results of the Company (Standalone & Consolidated) for the Financial Year ended March 31, 2022 are presented below:

(INR Million)				
Particulars	Standalone		Consolidated	
	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from Operations	20,256.07	17,917.35	20,717.54	18,417.63
Other Income	89.61	68.24	210.40	135.09
Total Income	20345.68	17,985.59	20,927.94	18,552.72
Earnings before interest, Depreciation and Tax	(4197.65)	1303.91	(4173.51)	1351.27
Less :- Depreciation	509.31	462.06	537.44	486.29
Less:- Interest	470.36	455.18	509.59	457.74
Profit before Tax and exceptional items	(5,177.32)	386.67	(5,220.54)	407.24
Exceptional Items	-	-	-	-
Profit / (Loss) before tax	(5,177.32)	386.67	(5,220.54)	407.24
Less:- Tax expense				
(1) Current Tax:	-	61.12	-	61.12
(2) MAT (Credit) / Revesal	-	-	-	-
(3) Deferred tax:	79.16	70.41	69.34	63.50
(4) Tax adjustment in respect of ealier years	35.07	80.6	35.07	75.57
Profit for the period / Year After Tax (PAT)	(5,291.55)	174.54	(5,324.95)	207.05
Dividend on equity shares (including tax on dividend) *	NIL	0.50	NIL	0.50
Earnings per Share				
Basic	(56.56)	2.08	(56.91)	2.47
Diluted	(55.19)	2.08	(55.54)	2.46

Due to rounding off, numbers presented in above table may not add up precisely to the totals provided in Financial Statements

*Final dividend for 2022: NIL.

FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS

Standalone

At Standalone level, the total Revenue from operations for FY 2021-22 increased by 13.05 % to INR 20,256.07 Million against INR 17,917.35 Million in the Previous Year 2020-21. The Standalone Profit (Loss) before Tax for FY 2021-22 decreased to INR (5177.32) Million against INR 386.67 Million in the Previous Year 2020-21. The Standalone Profit (Loss) after Tax for FY 2021-22 decreased to INR (5291.55) Million against INR 174.54 Million reported in the Previous Year 2020-21. The operations and financial results of the Company are elaborated in the Management Discussion and Analysis Report.

Consolidated

Consolidated Revenue from Operations for FY 2021-22 stood at 20717.54 Mn reporting a growth of 12.5% as compared to INR 18417.63 Mn in FY 2020-21 driven by improvement in core categories which reported 20% growth. The Consolidated Profit (Loss) before Tax for FY 2021-22 decreased to INR (5220.54) Million from INR 407.24 Million in the Previous Year 2020-21. The Consolidated Profit (Loss) after tax for FY stood at INR (5324.95) Million as compared to INR 207.05 Million in the Previous Year 2020-21.

PERFORMANCE ANALYSIS, OUTLOOK & OUR BUSINESS

The FY 2022 started positively for the company. During the 1st Quarter, despite the 2nd wave of COVID-19, the Company recorded 1% growth in revenues and a stellar 51% and 441% growth in EBITDA and PAT, respectively.

Due to 2nd wave of COVID infections and subsequent lockdowns announced in 2nd phase i.e. during April to June 2021, there were further restrictions on opening of outlets and their timings. Further, unlike the first wave during last year (2020), there was no panic purchase observed this time. During the first quarter the company saw repeated events from last year with raw milk prices softening due to lockdown effect and the company increased milk procurement to support farmers. However, product prices remained stable leading to expansion of Gross Margins. The Company has also continued cost rationalisation efforts to minimise the impact on profitability in hard times. Company had been proactive in adapting the distribution as well as supply chain in uncertain situation along with introduction of new products and brand building effort.

In July 2021, the company received a tranche of INR 6.4 crore towards PSI subsidy outstanding from the Government of Maharashtra. The Company had also received an in principal approval for subsidy of INR 1 crore from Maharashtra Energy Development Authority (MEDA) for installation of biogas based genset for converting ETP gas into

electricity which is a positive factor for further growth and development of the Company.

During the 2nd Quarter, the Company launched a new product: **GO milkshake** range with competitive pricing which received a positive market response. The Company also launched **Pride of Cows Paneer & MILKO Cheese products**. Lot of marketing activities were undertaken to strengthen the brands. HORECA and Ecommerce Channels saw a significant growth during the second quarter. The Company added depots & continue to work on COLD-ROOM Infrastructure across India. The Company continued to invest into own brand to drive long term growth. Brand investment increased by 40% Y-o-Y for September quarter.

The 3rd Quarter was particularly bright for the Company whereby 1.04 Million liters per day was the average milk procurement for the quarter. Despite milk prices inching up; the overall availability remained comfortable. Further, the prices have been on the stabilizing mode, with an upward trajectory. The company reported steady revenue growth and profitability in 9M FY2022 (April to December 2021).

HORECA and Ecommerce Channels saw a significant growth of 36% and 76% respectively during the 3rd Quarter. The Company added 14 super stockists & continued its thrust on Strengthening Infrastructure across India. As for the marketing campaigns, Times of India promoted Gowardhan Ghee's Winter Film through their spotlight article, focusing on the importance of Ghee & endorsing another campaign a.k.a. #Thandpadi.

In FY2022, 9.5% of PMFL's revenues were generated from liquid milk, followed by Skimmed Milk Powder (SMP) (19.0%) and Value Added Dairy Products (VADPs) (68.0%), such as clarified butter, butter, cheese, yoghurt, Ultra-High Temperature (UHT) milk, and other milk products. PMFL is the second largest player in the cheese segment in India with 35% market share and a healthy share in the cow ghee segment in the organised market.

Moreover, the primary Unique Selling Point (USP) of all its products is that they are processed from 100% cow's milk. PMFL has a strong distribution network of 24 depots, 300+ super stockists, over 3,000 distributors servicing more than 3.5 lakh retail counters. The company has a dedicated sales and marketing team of over 800 personnel. It also has reputed institutional and HORECA customers for various product such as cheese, SMP3, and whey.

The Company made a sizeable inventory write-off and price settlement expense with milk aggregators cumulating to INR 628 crore. The sizeable inventory write-off was triggered by a combination of factors including - a) ageing beyond permissible shelf life; b) contamination of certain value-added milk products; and c) change in Government policy on the formulation of infant food, thereby impacting offtake of existing inventory of whey powder.

As demand from the institutional/ HORECA segment did not scale up to expected levels, the company's inventory levels had increased with high milk procurement during the various pandemic waves. In addition, the company expensed INR 118 crore towards milk price settlement for milk procured in the last two fiscals. For this, the company had to compensate milk aggregators as per the support price announced by the state government (of Maharashtra). Since these expenses were partly related to operations from previous quarters, adequate and timely provision of the same could have moderated the sizeable losses reported in a single quarter

6C STRATEGY

The Company has continued to add depots & has continued to work on COLD-ROOM Infrastructure across India. The Company has expanded cold storage infrastructure at 2 locations. Also, during the 2nd Quarter, the Company introduced the 6C Framework with the following specifications for each particular as follows:

- 1. COWS** • Expanding geographical coverage (Setting up new collection centres & reaching new districts) • Better control on Quality with BMC network • Expansion of Bhagyalaxmi Dairy Farm - Largest & most modern dairy farm in South East Asia • Focusing to Grow no. of cows by 5X • Improving milk yield from existing cows. to reach 1.4 LLPD
- 2. CONSUMER** • Targeting 1-3% of revenue in brand building initiatives • Focus on core categories: Ghee, Cheese and Paneer • Focus on growing niche brands like Pride of Cows & Avvatar. Expansion of portfolio to seed the market • Focus on key markets with specific high demand products • Expand distribution outreach with more Depots & improving service to customers • New products to contribute to double digits growth in next 5 years
- 3. CASH** • Improve profitability by change in product Mix, improved efficiencies & scale benefits • To improve working capital cycle by reducing receivables & inventory • Right mix of long term plus short term debt
- 4. COST** • Improve operational efficiencies by automation, modernisation & strict controls • Improving utilisations and reducing wastages across all levels • Leveraging vendors with shorter cycles, re-negotiation, quality RM sourcing, office consolidation, supply chain optimisation, cold chain restructuring, alternative energy, etc. • Targeting further savings in operational efficiencies ~ 2% of revenues • IT Integration of entire value chain - from procurement to distribution
- 5. CORPORATE GOVERNANCE** • Enhance Board with experienced resources • Professionals for core management functions • Bring change

management with focus on accountability, quality & discipline • Compliance tool for tracking & monitoring on real time basis

- 6. COMMUNITY** • Community services in areas of health, education & animal welfare • Support farmers in improving their productivity & viability • Reducing the carbon footprint (energy management, emissions) by 20%, energy & water usage by 10% • Zero discharge of Effluents • Renewable energy contributes 35% of total usage • Sustainable sourcing of all RM, PM and other requirements

PHILANTHROPIC ACTIVITIES

The Company has not been behind in philanthropic activities for the Community as a whole whereby even during the Onset of the Second Wave of COVID-19 pandemic, the company continued to work on the following areas viz:

- Food & Water facilities - Providing three nutritious meals to Covid Patients and Hospital staff on daily basis
- Healthcare - Provided health kit to Corona Warriors on a consistent basis
- Education
- Animal Welfare
- Sanitation

In conjunction with state government, Company developed the JUMBO COVID hospital to provide necessary medical support for local residents.

DIVIDEND DISTRIBUTION POLICY

The Company has formulated Dividend Distribution Policy in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto (hereinafter referred to as "the Listing Regulations") for bringing transparency in the matter of declaration of dividend and for protecting the interest of investors.

Your Company intends to maintain similar or better levels of dividend payout in future. However, the actual dividend payout in each year will be based on the profits and investment opportunities of the Company.

The policy is available on the website of the Company at <https://www.paragmilkfoods.com/investors.php>.

DIVIDEND

The Board of Directors at their meeting held on June 30, 2022, decided not to recommend a final dividend for the financial year ended March 31, 2022 pursuant to the considerable losses faced by the Company during the Financial Year 2021-22.

The dividend payout has always been in accordance with the Company's Dividend Distribution Policy which has been adopted in accordance with Regulation 43A of the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is available on the website of the Company at www.paragmilkfoods.com.

SHARE CAPITAL

During FY22, The Company's paid-up Equity Share Capital has increased from INR 8,41,14,582 to INR 9,53,75,841 consequent to allotment of 1,12,61,259 (One Crore Twelve Lakh Sixty One Thousand Two Hundred Fifty Nine only) Equity Shares of INR 10/- (Rupees Ten only) each on preferential basis to Investors viz International Finance Corporation (IFC), Sixth Sense India Opportunities II (Investor) and Sixth Sense India Opportunities III (Investor).

Further, during the year, the Company has issued 1,00,00,000 Convertible Share Warrants convertible into 1,00,00,000 equity shares of face value of INR 10/- (Rupees Ten only) each on a preferential basis to the Promoter and Promoter group viz Mr. Devendra Prakash Shah and Ms. Netra Pritam Shah.

The Company has also allotted 10,680 unlisted, unsecured, unrated foreign currency convertible bonds ("**FCCB**") of a total amount upto USD \$11 Million on a private placement basis to International Finance Corporation ("**IFC**") convertible into equity shares at INR 145 per share.

As on March 31, 2022, Mr. Devendra Shah – Promoter & Executive Chairman holds 50,00,000 Warrants convertible into 50,00,000 equity shares of face value of INR 10/- each.

REVIEW OF OPERATIONS

In FY22, the Company posted consolidated revenue from operations of INR 20,718 Million which was 12.5 % higher than the previous year. The company reported a loss of 5,325 Million, due to one-time write down of 5,095 Million.

The reasons for the massive one-time write-off of the inventory as stated by the Management were that during the COVID-19 pandemic, the Company in order to support farmers and their families collected every drop of milk that arrived at the company factory. Accordingly, it forecasted the sales and changed the product mix skewed towards high value products that would help sustain the business on a longer-term basis. However, anticipation of selling these value-added products produced from excess milk procurements got disrupted due to frequent lockdowns and various other reasons and hence the forecasted growth in the sales did not materialize and consequently resulted in non-movement of stocks and build-up of perishable inventory in the supply chain.

Since the company primarily produces perishable products which are governed and regulated by strict

production and storage norms notified by FSSAI, the company had to mandatorily write down its inventory to comply its guidelines and company policies.

In addition, there was also change in the government policy with respect to infant food due to which the company could not supply the stock of whey protein which is main ingredient in infant food formula to end consumers which had to be written off.

Further, as an additional precautionary measure, samples were sent to appropriate authorities like NABL approved LABS. The company also appointed an independent accounting firm to evaluate the quantity and the value of the inventory. Due to the consequential impact of the above, the write down of inventories to the net realizable value during the year amounted to INR 5,095 Million.

It was a one-time hit that the company had taken due to Covid-19 led uncertain and unprecedented situations.

Also, there was a notification that fixed the base selling price of milk procurement for farmers so that their livelihood is protected. This resulted in an increase in the cost of raw material procurement prices as evidenced by the Price Settlement Agreement entered into with the milk aggregators.

The impact of the above on the financials was INR 1,179 Million which was adjusted against milk advances and cost of raw material consumed

The Company has had a general Product Mix Portfolio throughout the year having minor deviations quarterly ranked as follows:

1. **Milk Products** (Gowardhan, Pride of Cows, Avvatar Protein, GO Cheese)
2. **SMP & Others** (Gowardhan Skimmed Milk Powder)
3. **Milk** (Pride of Cows, Gowardhan Pouches)

The Company has a 7 year long vision and it believes in the future of dairy farming via plans of increasing the cows from 3,000 in 2021 to 15,000 in 2028. There are further plans in increasing milk production capacity to 1,40,000 litres by 2028 from the farm.

Expansion plans exist with respect to the product portfolio under Company's premium offering – Pride of Cows. This expansion is aimed at seeding the market with increased milk production.

Core categories i.e., Ghee, Paneer, Cheese & Protein are the engines of growth for our company and these are not just back to pre-pandemic level but has gained over that. Other categories are expected to grow further in couple of quarters. HORECA (Hotel, Restaurant & Catering Industry) has also returned to pre-pandemic levels. Fresh Milk shall take some time to stabilize. Despite milk prices inching up; the overall availability remains comfortable. Further, the prices are on the stabilizing mode, with an upward trajectory.

• The Company significantly improved in the Cash & Cost segment in the 2nd quarter by the following ways:

- a) **Debt Reduction** – Reduced working capital debt by 1406 Million
 - b) **Overheads** – Cutting costs by Leveraging vendors, Re-negotiating, Reverse Auctions, Office consolidation
 - c) **Supply Chain Organisation** – Depot & Cold storage Restructuring as well as Beat planning in opportunity markets
- In the Corporate governance segment too, the Company has equally performed well whereby:
- a) **Strengthening Board** – Inducted Nikhil Vora into the board as an additional non-executive member.
 - b) **Core Management** – The Company has been working on bringing professionals for core management functions.
 - c) **Compliance** – Online compliance software tool & supervision in place.

The Company significantly improved in its cash and cost operations whereby efforts on cost optimization and productivity enhancement started yielding results, other expenses were controlled for the 3rd quarter in spite of inflationary impact on power & fuel, freight, logistics and packaging material. Other expenses for the quarter (excluding advertisement & sales promotion) declined by 5.5% on a YoY basis. Cutting costs by leveraging vendors, re-negotiating, reverse auctions, office consolidation continues. On the supply chain optimization front depot & cold storage restructuring along with beat planning in opportunity markets continues.

There has been no change in the nature of business of the Company.

NEW PRODUCT LAUNCHES

There have been new product launches with respect to the Consumer segment as follows:

1. **GO Milkshake Tetra pack launch** – Launched in 4 flavors Coffee, Chocolate, Vanilla & Strawberry
2. **MILKO Cheese Launch** – Launched in 3 SKUs Slice 200 GM, Block 200 GM and Angles 160 GM specifically targeting low income group customers.
3. **GO RAPID** – whey based drink at the price point of INR 10/- in two flavours lemon and orange which comes in 125 ml pack
4. **MANGO LASSI & MANGO MILKSHAKE** – Mango flavoured lassi and milkshake at competitive prices in the market.

BRAND BUILDING: STRATEGY

Along with the new product launch, marketing campaigns, customer engagement activities and social media posts have been launched in a full-fledged manner as follows:

1. **Pride of Cows** – Marketing Campaigns for Independence Day, Ganpati Festival, Rakshabandhan, Paneer Post Card, 50 Reasons Campaign, Teacher's Day, Halloween, Karva Chauth.
2. **Avvatar** – Company organized a Fitness competition named "Avvatar Fitness Battle 2" continuing the trend of last year. Current trending topics and festivals were posted, and it was appreciated by the customers.
3. **Gowardhan** – TV Impact Campaigns, Gold Milk Bournvita OOH Activity in Mumbai, Social Samosa Pages on Facebook, Twitter, LinkedIn, Instagram, Mad Over Marketing, Vasubaras Radio and TV Campaigns
4. **GO Cheese** – Topical Post for Social Media, promotions at various modern trade outlets, building brand affinity.

The Brand Building of various brands of the Company included following activities all throughout the Financial Year including but not limited to:

1. **Maintaining Brand Stature** – deploying shop boards and dedicated Point of Sale (POS) material for maintaining saliency in key markets
2. **Brand Collaborations for Consumer offer** – Collaboration with Bournvita to offer free samples along with Gowardhan Paneer
3. **Building Social media presence** – continued investment in Social Media to build numerous channels of communication to target "New Age" consumers.
4. **Building Beverage Category** – Crossed over 1500 tons of total beverage sale continuing to grow higher than industry level. (24% CAGR). Adding more seasonal fruit flavours for superior quality.
5. **New Innovations** – Mango Lassi & Mango Milkshake in our Beverage portfolio, catering to different consumer taste buds. GO Rapid whey based beverage for helping deepen market penetration & build overall beverage category
6. **Building Brand Affinity** – Sponsored Film Fare Awards Marathi 2021 for maintaining regional level focus. Partnership was promoted through Print; Outdoor; Digital promotion.

7. **Drive off-takes** – Deployed promoters in various modern trade outlets; undertaken in-shop branding at various Point of Sales
8. **Social Media Activation** – Increasing social media presence by various weekend indulgence recipe videos. Endorsements by celebrity chef Ranveer Brar & famous YouTuber Meghna.

EXPORT MARKET

Parag Milk Foods Limited continues to enjoy a strong presence and brand recall of Go and Gowardhan brands across several geographies through its exports to UAE, Singapore, Mauritius, Oman, Kuwait, Saudi Arabia, Congo, Hong Kong, Philippines, Sri Lanka, Bangladesh, Maldives, USA, Thailand, Nepal, Bhutan etc.

Our export sales has contributed 1.5% to the overall revenues. Our products received good recognition in key markets of Middle East, South East Asia, Africa and Indian subcontinents

MATERIAL CHANGES AFFECTING THE COMPANY

Some material changes and commitments affecting the financial position of the Company occurred between April 1, 2022 and the date of signing this report.

The changes occurred as the Company passed Board Resolution on the 18th of July, 2022 approving issue of Equity Shares on a preferential basis which was further approved by shareholders at the Extraordinary General Meeting (EGM) dated August 10, 2022 as follows:

1. **AG Dynamic Funds Limited** (Investor) 1,10,00,000 (One Crore Ten Lakh) equity shares of face value INR 10/- each ("Equity Shares") at a price of INR 93.75/- (including a premium of INR 83.75/-) per share, for a total consideration of up to INR 103,12,50,000/- (Rupees One Hundred & Three Crores Twelve Lakh Fifty Thousand Only) and to
2. **Pivotal Business Managers LLP** (Investor) 10,00,000 (Ten Lakh) equity shares of face value INR 10/- each ("Equity Shares") at a price of INR 93.75/- (including a premium of INR 83.75/-) per share, for a total consideration of up to INR 9,37,50,000/- (Rupees Nine Crore Thirty Seven Lakh Fifty Thousand Only).

Also, subsequently, the Company also passed resolution for issuing to **Ms. Akshali Shah** (member of promoter group), equity shares of face value of INR 10/- (Rupees Ten only) each fully paid up at a price of INR 93.75/- (Rupees Ninety-Five only) (including premium of INR 83.75/-) per share warrant, aggregating to INR 18,75,00,000/- (Rupees Eighteen Crores Seventy Five Lakh Only).

Ultimately, the total paid-up share capital of the Company would become INR 107,37,58,410/- (Rupees One Hundred Seven Crore Thirty Seven Lakh Fifty Eight thousand Four hundred and ten only) and the total diluted paid up share capital of the Company pursuant to the issuance of Equity Shares in August, 2022 and conversion of warrants issued would become INR 119,37,58,410/- (Rupees One Hundred Nineteen Crore Thirty Seven Lakh Fifty Eight thousand four hundred and ten only).

Cessation of Director (s)

Mr. B. M. Vyas who has been associated as a Non Executive, Non Independent Director of the Company and has been on the Board since July 22, 2010 and he had been re-appointed on the Board w.e.f. June 29, 2020 pursuant to approval vide Shareholders Resolution at the Annual General Meeting (AGM) held on September 29, 2020.

Due to personal health reasons and unavoidable circumstances has tendered his resignation w.e.f. June 29, 2022. Also, Mr. Vyas has communicated that there is no other material reason other than the one mentioned in his letter.

Mr. Ramesh Chandak Independent Director of the Company has been on the Board since June 24, 2016 and he was re-appointed for 2nd term of Five consecutive years in the 28th AGM, to hold office with effect from June 24, 2021 upto June 23, 2026, has vide his resignation letter dated August 12, 2022, tendered his resignation with immediate effect, on account of personal commitment and other professional commitments which may lead to conflict in interest.

He has pursuant to Clause 7B of Para A of Part A of Schedule III to the SEBI (LODR) Regulations, 2015, confirmed that his resignation is due to the reasons stated as above and there are no other material reasons..

The Board has placed on record its appreciation for the valuable contribution made by Mr. B.M Vyas and Mr. Ramesh Chandak during their association as Director(s) of the Company.

SUBSIDIARY COMPANY

The Company has 1 Wholly Owned Subsidiary (WOS) as on March 31, 2022. There has been no material change in the nature of the business of the subsidiary.

Bhagyalaxmi Dairy Farms Private Limited:

During FY 2021-22, no new subsidiary was incorporated / acquired. The Company does not have any associate company, nor has it entered into a joint venture with any other company.

Pursuant to the provisions of Section 129(3) of the Act a statement containing the salient features of financial statements of the Company's subsidiaries in Form No. AOC-1 is attached as **Annexure I** to this report.

The audited financial statements of the subsidiary company and related information are available on the Company's website on - <https://www.paragmilkfoods.com/investors.php> and the same are also available for inspection by the Members. Any Member desirous of inspecting the financial statements or obtaining copies of the same may write to the Company Secretary or email at investors@parag.com.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), the Company has formulated a policy for determining its 'material subsidiaries'. The said Policy is uploaded on the website of the Company at www.paragmilkfoods.com.

Performance highlights of the subsidiary is given below:

(INR in Million)			
Sr. No.	Particulars	FY 2021-2022	FY 2020-2021
1.	Total Revenue	808.46	686.99
2.	Profit before Interest, Tax and Depreciation	24.13	47.36
3.	Profit after Tax	(33.41)	32.52

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the provisions of Section 129 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Consolidated Financial Statements of the Company and its subsidiaries have been prepared in the same form and manner as mandated by Schedule III to the Companies Act, 2013 and shall be laid before the forthcoming 30th Annual General Meeting (AGM) of the Company.

The Consolidated Financial Statements of the Company have also been prepared in accordance with the relevant Accounting Standards issued by Ministry of Corporate Affairs ("MCA") forming part of this Annual Report. In accordance with Section 136 of the Companies Act, 2013, the Audited Financial Statements, including the Consolidated Financial Statements and related information of the Company and Audited Accounts of its subsidiary are available on Company's website at www.paragmilkfoods.com. These documents are also available for inspection by the Members at the Registered Office of the Company during business hours on all working days, except Saturdays, Sundays and National Holidays up to the date of the 30th AGM.

CREDIT RATING

The Company has been rated by the Credit Rating Agency, ICRA Limited by reaffirming the credit rating for INR 413.31 crore Bank Facilities availed by the Company. The ratings have been removed from

Watch with Developing Implications and Stable outlook has been assigned as [ICRA] A/Stable (Long Term facilities) / A2+ (Short Term facilities).

Further during the FY 2021-22, the company has obtained credit rating from ICRA Limited for the NCD programme of INR 150 crore for which [ICRA] A/ Stable rating has been assigned.

However, ICRA Limited has granted for the long-term Rating to [ICRA] BBB+ (Negative) from [ICRA] A (Stable) and for short-term Rating to [ICRA] A2 from [ICRA] A2+. In case of rating for Non-Convertible Debentures the rating is Long-term Rating of [ICRA] BBB+ (Negative) from [ICRA] A (Stable). Reason being the announcement of the Q4 FY2022 results.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment / Re-appointment of Directors:

On recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company, vide its circular resolution dated 20.08.2021 approved the appointment of

Mr. Nikhil Vora (DIN: 05014606) as an Additional Non- Executive Director of the Company w.e.f. August 20, 2021 and at the 29th AGM held on September 15, 2021, the shareholders approved the appointment of Mr. Vora as a Non-Executive Director on the Board of the Company, liable to retire by rotation

Mr. Devendra Shah - Chairman & Whole-time Director and Mr. Pritam Shah, managing Director had been re-appointed for a further period of 5 (five) years from April 1, 2018 to March 31, 2023, and the said re-appointments were approved by shareholders at the 26th AGM held on September 19, 2018. Their tenure is expiring on the 31st of March, 2023. The evaluation was conducted by the Independent Directors at the Independent Directors Meeting held and was conducted by the entire Board of Directors (excluding the Director being evaluated). Based on the evaluation, the Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meetings held on August 13, 2022 have recommended the re-appointment of Mr. Mr. Devendra Shah as Chairman & Whole-time Director and Mr. Pritam Shah as Managing Director liable to retire by rotation, for a term of Three consecutive years commencing from April 01, 2023 upto March 31, 2026 subject to approval of the Members by special resolution at the ensuing Annual General Meeting of the Company.

Pursuant to the provisions of sub-section (6) of Section 152 of the Act, Mr. Nikhil Vora (DIN: 05014606) Non-Executive Non Independent Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

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

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. In the opinion of the Board, the Independent Directors, fulfil the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act and Company's Code of Conduct for Directors and Senior Management Personnel. The Independent Directors of the Company have confirmed that they have registered their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to the provisions of Section 2(51) and Section 203 of the Act read with Rules framed thereunder, the following are the Key Managerial Personnel of the Company as on March 31, 2022

1. Mr. Devendra Prakash Shah	Whole time Director
2. Mr. Pritam Prakash Shah	Managing Director
3. Ms. Rachana Sangneria	Company Secretary & Compliance Officer

Mr. Shashikant Dalmia, Chief Financial Officer (CFO) and Key Managerial Personnel (KMP) of the Company tendered his resignation and had requested to be relieved w.e.f December 30, 2021 on account of personal reasons and the same was been accepted by the Company during the FY 2021-22.

Mr. Surendra Malaviya was appointed as Interim Chief Financial Officer (CFO) & KMP on 30th June, 2022 till the time a full time CFO is appointed.

MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors of the Company met seven(7) times during the year. The details of composition of the Board and its Committees, their meetings held during the year under review

and the attendance of the Directors / Committee Members at the respective meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

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

Audit Committee

The Audit Committee met Five (5) times during the year the details of the meetings, composition of the Audit Committee and terms of reference of the Committee are given in the Corporate Governance Report, which forms a part of this Report.

Committees of the Board

The Board of Directors has the following Committees:

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

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

BOARD EVALUATION

The Company believes that the process of performance evaluation at the Board level is very essential to its Board Engagement and Effectiveness. The Policy and criteria for Board Evaluation is duly approved by the Nomination and Remuneration Committee. This process at the Company is conducted through structured questionnaires which covers various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Member's strengths and contribution, execution and performance of specific duties, obligations and governance.

Pursuant to the provisions of the Act and Regulation 17(10) of Listing Regulations and as prescribed in the stated policy of the Board, the Board has carried out an annual performance evaluation of (i) the

Directors (Independent and non-independent); (ii) Board itself (as a whole); (iii) its committees and (iv) fulfillment of Independence criteria. The Board performance was evaluated based on inputs received from the Board members after considering criteria such as Board composition and structure, effectiveness of Board / Committee processes, and information provided to the Board, etc. The evaluation report contains an executive summary of findings and several key recommendations from the evaluation process.

The performance of the Chairman was evaluated after seeking the inputs from all the Directors other than the Chairman on the basis of the criteria such as Chairman's role, accountability, responsibilities, promotion of effective relationship and open communication between Board & Management, etc.

In terms of the requirements of the Act, a separate meeting of the Independent Directors was also held during the year.

The meeting of Independent Directors was held by video-conferencing on March 21, 2022 due to COVID-19 pandemic to review the performance of the Chairman, Non-Independent Director of the Company and the performance of the Board as a whole, committees as mandated by Schedule IV of the Act and SEBI Listing Regulations.

The evaluation exercise highlighted the key areas requiring improvisation in order to strengthen the performance and the effectiveness of the Board and Committee Meetings held by the Company.

Familiarisation Programme for Independent Directors

The Company already has an elaborate familiarization programme in place for effective induction of Independent directors. The Board acknowledged this and reiterated the importance of a rigorous execution of the induction process to ensure a smooth transfer and seamless integration of the new Board Members.

Pursuant to Regulation 25(7) and 46 of the SEBI Listing Regulations, the details of the familiarisation programme imparted to the Directors are explained in the Report on Corporate Governance and are also available on the Company's website i.e. www.paragmilkfoods.com under 'Investors' tab.

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

The Board of Directors has formulated a Nomination and Remuneration Policy in terms of the provisions of subsection (3) of Section 178 of the Act and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

dealing with appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

The policy covers criteria for determining qualifications, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel.

The said Policy is available on the website of the Company viz. www.paragmilkfoods.com.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3) (c) of the Companies Act, 2013, with respect to the Director's Responsibility Statements, your Directors make the following statements

- a) that in the preparation of the annual financial statements for the Financial Year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for the Financial Year ended March 31, 2022.
- 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 financial statements for the Financial Year ended March 31, 2022 on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, in line with the size, scale and complexity of its operations. The Audit Committee, comprises of professionally qualified Directors, who interact with the statutory auditors, internal auditors and management in dealing with matters within its terms of reference.

Internal Financial Controls are an integrated part of the risk management process which in turn is a part of Corporate Governance addressing financial reporting risks. The Internal Financial Controls have been documented and embedded in the business processes. Your Company's approach on Corporate Governance has been detailed out in the Corporate Governance Report. The Company has deployed the principles enunciated therein to ensure adequacy of Internal Financial Controls with reference to:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Prevention and detection of frauds
- Safeguarding of assets

The Board reviews the internal processes, systems and the internal financial controls and accordingly, the Directors' Responsibility Statement contains a confirmation as regards to adequacy of the internal financial controls.

Assurances on the effectiveness of Internal Financial Controls are obtained through management reviews, self-assessment, continuous monitoring by departmental heads as well as testing of the internal financial control systems by the internal auditors during the course of their audits.

The Company believes that these systems provide reasonable assurance that the internal financial controls are designed effectively and are operating as intended.

The Audit Committee and the Board are of the opinion that the Company has sound Internal Financial Control commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist during the financial year 2021-22.

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which forms a part of the Annual Report.

RISK MANAGEMENT

Managing Risk is an integral part of the business of your Company. The Company's board and

management have been fully committed to maintaining efficient risk management systems to safeguard the Company as well as other stakeholder's interests. The board and senior management of the Company strive hard to set the right tone from top to the bottom for proactive and transparent identification, assessment & management of risks. They encourage business managers to bring out risks inherent to any business activity proposed to be undertaken under our sector. The risk management philosophy of the Company is that, risk also known as "the possibility of getting outcome sub-standard to what was expected", is inherent in our business and that taking risk which is well balanced with appropriate opportunity is something which needs to be encouraged, but there are limits to the risk that we are willing to take (calculated risks) for best results.

The key characteristics of your Company's Risk Management Framework are:

- Periodic assessment and prioritization of risks that affect the business of your Company;
- Development and deployment of risk mitigation plans to reduce vulnerability to urgent attention needed risks;
- Defined a robust review and monitoring mechanism wherein the departmental heads, top management and the Board review the progress of the mitigation plans;
- Integration of Risk Management with strategic business plan, annual operating plans, performance management system and significant business decisions;
- Constant scanning of external environment for new and emerging risks;
- Wherever applicable and feasible, defining the risk appetite of company and installing adequate internal controls to ensure that limits are adhered to.

RISK MANAGEMENT GOVERNANCE

The Board has an overall responsibility for governance of the Company's risk management. The Board approves the company's risk policies, and oversees management in the designing, implementation and monitoring of risk management systems. It also has the authority to approve any deviation in risk management policies or any breach of risk limits.

The Risk Management Committee ("RMC") recently constituted by the Board assists the Board in monitoring and reviewing the risk management for business operations, implementation of the risk management framework of the Company and such other functions as Board may deem fit. The Board is responsible for reviewing and guiding on the risk management policy of the Company.

The detailed terms of reference and the composition of RMC are set out in the Corporate Governance Report. The Company has complied with applicable laws pertaining to Risk Management and Risk Management Policy thereof. Further, Company has strengthened its Risk Management framework by adopting a comprehensive Risk Management Policy.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a robust vigil mechanism in place in the form of Code of Conduct ("**COC**") which enables its stakeholders to report concerns about unethical or inappropriate behaviour, actual or suspected fraud, leak of unpublished price sensitive information, unfair or unethical actions or any other violation of the COC. The COC guidelines are designed to ensure that Directors, employees and third parties may report genuine concerns on COC adherence or violations thereof without fear of retaliation.

The Audit Committee reviews the functioning & effective implementation of the whistle blower policy. More details are given in Corporate Governance Report.

The Company has adopted a 'Whistle-Blower Policy' / Vigil Mechanism for Directors and Employees. The vigil mechanism of the Company provides for adequate safeguards against victimization of directors, employees and third parties who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases.

The Whistle-Blower Policy applies to all persons, including Employees (i.e. the Board of Directors, officers, full-time/ part-time/ permanent/ contract employees) working for the Company.

The Company & Audit Committee have not received any complaints from the employees regarding violation of Code of Conduct or other matters whatsoever.

The functioning process of this mechanism has been more elaborately mentioned in the Corporate Governance Report forming a part of this Annual Report. The Whistle Blower Policy has been uploaded on the Company's website i.e. www.paragmilkfoods.com

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a Corporate Social Responsibility ("**CSR**") Committee and details of the composition are given separately as part of the Corporate Governance Report. The Company has undertaken the CSR activities in accordance with the CSR Policy of the Company adopted in accordance with Schedule VII of the Act. The Company's CSR Policy can be accessed on the Company's website at www.paragmilkfoods.com under 'investors' tab.

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

Further, the Managing Director of the Company has certified that CSR spends of the Company for FY22 have been utilized for the purpose and in the manner approved by the Board of Directors of the Company.

RELATED PARTY TRANSACTIONS

During the year under review i.e. 2021-22, all Related Party Transactions that were entered into were in the Ordinary Course of Business and at Arms' Length Basis with the prior approval of the Audit Committee. All transactions entered into with related parties were approved by the Audit Committee. Therefore, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in **Form AOC-2** is not applicable to the Company for the FY 2021-22 and hence the same is not provided.

The Audit Committee grants omnibus approval for the transactions that are in the ordinary course of business and repetitive in nature. For other transactions, the Company obtains specific approval of the Audit Committee before entering into any such transactions. All related party transactions are placed before the Audit Committee on a quarterly basis. The same are also placed before the Board for seeking their approval. The objective of the Policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties. Further, the Company has not entered into any transaction of a material nature with the Promoters, subsidiaries of Promoters, Directors, Key Managerial Personnel or their relatives etc. that may have potential conflict with the interests of the Company.

In line with the requirements of the Act and the SEBI Listing Regulations, the Company has formulated a Policy on Related Party Transactions and the same can be accessed on the Company's website i.e. www.paragmilkfoods.com under 'Investors' tab.

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

The loans given, investments made and guarantees given & securities provided during the year under review, are in compliance with the provisions of

Section 186 of the Companies Act, 2013, and the Rules thereunder and the details are provided in the Notes to the Standalone Financial Statements, forming part of this Report.

BUY BACK

The Company has not bought back any of its securities during the Financial Year ended March 31, 2022.

DEPOSITS

There were no outstanding deposits within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014, as amended, at the end of the financial year 2021-22 or the previous financial year. Your Company did not accept any deposits during FY22.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company is an equal employment opportunity employer and is committed to creating a healthy working environment that enables employees to work without fear or prejudice, gender bias and sexual harassment. The Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises, through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under, your Company has adopted a Policy (Prevention of Sexual Harassment Policy a.k.a "POSH Policy"). The policy aims at preventing sexual harassment by way of educating employees on conduct that constitutes sexual harassment, ways and means to prevent occurrence of any such incident, and the mechanism for dealing with such incident in an unlikely event of its occurrence. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, the Company has constituted Internal Committees to redress complaints received regarding sexual harassment. All employees are covered under this Policy and the Policy is gender neutral. Following is a summary of sexual harassment complaints received and disposed off during the year:

• No. of complaints received	:	NIL
• No. of complaints disposed off	:	NIL

During the FY2021-22, the Company has not received any complaint on sexual harassment.

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

In terms of Regulation 34 of SEBI Listing Regulations, a separate section on Management Discussion and Analysis, Business Responsibility & Sustainability Report and Corporate Governance Report together with a certificate from a Practicing Company Secretary confirming compliance with the Regulations relating to Corporate Governance of SEBI Listing Regulations are set out and form part of this Annual Report.

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

Company continues its efforts to reduce and optimize the energy consumption at all of its manufacturing facilities, including corporate offices at Pune (Manchar and Shivaji Nagar) and Mumbai (Nariman Point and Vidyavihar).

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

ANNUAL RETURN

A copy of the annual return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies ("ROC") /Ministry of Corporate Affairs ("MCA"), is hosted on the Company's website and it can be accessed at <https://www.paragmilkfoods.com/investors.php>.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The ratio of remuneration of each Director to the median employee's remuneration as per Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended is disclosed in "**Annexure V**" to this report.

In terms of the provisions of Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. In terms of Section 136 of the Act, this report is being sent to the Members and others entitled thereto, excluding the aforesaid annexure. Any Member desirous of obtaining a copy of the said annexure may write to the Company Secretary or email to investors@parag.com.

Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing details prescribed under rule 5(3) of the said rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.

SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATORS

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

STATUTORY AUDITORS

At the 28th AGM held on September 29, 2020 the Members approved appointment of M/s. Sharp & Tannan, Chartered Accountants, Mumbai (Firm Registration No.109982W), as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of the 28th AGM till the conclusion of the 33rd AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

As required under Regulation 33(1)(d) of Listing Regulations, M/s. Sharp & Tannan, have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The statutory auditors have confirmed they are not disqualified from continuing as auditors of the Company.

The Auditor's Report for the financial year ended March 31, 2021 on the financial statements of the Company forms part of the Annual Report. The said report was issued by the Statutory Auditor with an unmodified opinion and does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors have not reported any fraud under Section 143 (12) of the Act and therefore no details are required to be disclosed under Section 134(3) (ca) of the Act.

INTERNAL AUDITORS

Pursuant to provisions of Section 138 of the Companies Act, 2013 and the rules made thereunder, on the recommendation of the Audit Committee the Board of Directors have appointed M/s. Grant Thornton India, Chartered Accountants, as Internal Auditors of the Company for the Financial Year 2022-23.

At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems in the company and compliance thereof with the same as well as robustness of internal processes, policies and accounting procedures and compliance with laws and regulations. Based on the reports of internal audit function process the functional heads undertake corrective action in their respective areas.

COST AUDITORS

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

The Board of Directors, upon the recommendation of the Audit Committee, has re-appointed M/s. Harshad Deshpande & Associates, Cost Accountants, Pune (Firm Registration Number: 00378) to conduct audit of the cost records of the Company for the FY 2022-23. Accordingly, the Board of Directors recommends to the Members and the resolution seeking approval of the members for ratifying the remuneration payable to the Cost Auditors for FY 2022-23 is provided in the Notice of the ensuing Annual General Meeting.

The Company has filed the Cost Audit Report for the FY 2021-22 with the Ministry of Corporate Affairs on August 17, 2022. The Cost Auditors' Report does not contain any qualifications, reservations, adverse remarks or disclaimer and no frauds were reported by the Cost Auditors to the Company under sub-section (12) of Section 143 of the Act. Therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. N. L. Bhatia & Associates, Practicing Company Secretaries (Certificate of Practice No. 9625), as the Secretarial Auditor of the Company to conduct audit of the secretarial records of the Company for the financial year ending March 31, 2023. The Company has received consent from Mr. Bhaskar Upadhyay to act as such.

The Secretarial Audit Report in Form MR-3 is annexed as **Annexure VI** to this Report. The said Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks and

no frauds were reported by the Secretarial Auditors to the Company under sub-section (12) of Section 143 of the Act therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

SHAREHOLDING OF COMPANY FOR FY 2021-22

The Category wise shareholding of the Company for the FY 2021-22 (From April 1, 2021 to March 31, 2022) is given below for reference of shareholders:

CATEGORY CODE	CATEGORY OF SHAREHOLDER	BEGINNING OF YEAR 31/03/2021		ENDING OF YEAR 31/03/2022		% CHANGE DURING YEAR
		TOTAL	% OF TOTAL SHARES	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
(A)	PROMOTER AND PROMOTER GROUP					
(1)	INDIAN					
(a)	Individual /HUF	38861435	46.20	38861435	40.75	(5.46)
(b)	Central Government/State Government(s)	0	0.00	0	0.00	0.00
(c)	Bodies Corporate	0	0.00	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0.00	0	0.00	0.00
(e)	Others	0	0.00	0	0.00	0.00
	Sub-Total A(1) :	38861435	46.20	38861435	40.75	(5.46)
(2)	FOREIGN					
(a)	Individuals (NRIs/Foreign Individuals)	0	0.00	0	0.00	0.00
(b)	Bodies Corporate	0	0.00	0	0.00	0.00
(c)	Institutions	0	0.00	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0.00	0	0.00	0.00
(e)	Others	0	0.00	0	0.00	0.00
	Sub-Total A(2) :	0	0.00	0	0.00	0.00
	Total A=A(1)+A(2)	38861435	46.20	38861435	40.75	(5.46)
(B)	PUBLIC SHAREHOLDING					
(1)	INSTITUTIONS					
(a)	Mutual Funds /UTI	0	0.00	4511363	4.73	4.73
(b)	Financial Institutions /Banks	50	0.00	0	0.00	0.00
(c)	Central Government / State Government(s)	0	0.00	0	0.00	0.00
(d)	Venture Capital Funds	5042534	5.99	3133534	3.29	(2.71)
(e)	Insurance Companies	0	0.00	0	0.00	0.00
(f)	Foreign Institutional Investors	5130116	6.10	4260655	4.47	(1.63)
(g)	Foreign Venture Capital Investors	0	0.00	0	0.00	0.00

(h)	Qualified Foreign Investor	0	0.00	0	0.00	0.00
(i)	Others	0	0.00	0	0.00	0.00
	Sub-Total B(1) :	10172700	12.09	11905552	12.48	0.39
(2)	NON-INSTITUTIONS					
(a)	Bodies Corporate	6859075	8.15	6997454	7.34	(0.82)
(b)	Individuals					
	(i) Individuals holding nominal share capital upto INR 1 lakh	13489832	16.04	16242529	17.03	0.99
	(ii) Individuals holding nominal share capital in excess of INR 1 lakh	11887631	14.13	12497165	13.10	(1.03)
(c)	Others					
	CLEARING MEMBERS	1466729	1.74	456061	0.48	(1.27)
	EMPLOYEES WELFARE TRUST	176015	0.21	176015	0.18	(0.02)
	FOREIGN BODIES	0	0.00	6756756	7.08	7.08
	NBFC	0	0.00	500	0.00	0.00
	NON RESIDENT INDIANS	922418	1.10	1161747	1.22	0.12
	NRI NON-REPATRIATION	278747	0.33	319627	0.34	0.00
	TRUSTS	0	0.00	1000	0.00	0.00
(d)	Qualified Foreign Investor	0	0.00	0	0.00	0.00
	Sub-Total B(2) :	35080447	41.71	44608854	46.77	5.07
	Total B=B(1)+B(2) :	45253147	53.80	56514406	59.25	5.46
	Total (A+B) :	84114582	100.00	95375841	100.00	0.00
	GRAND TOTAL (A+B+C) :	84114582	100.00	95375841	100.00	

TOP TEN EQUITY SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2022

Sr. No.	Shareholders	Total Shares	% of Holding
1	DEVENDRA PRAKASH SHAH	15206400	15.94
2	PRITAM PRAKASH SHAH	9159888	9.60
3	NETRA PRITAM SHAH	8867027	9.30
4	INTERNATIONAL FINANCE CORPORATION	6756756	7.08
5	POOJAN DEVENDRA SHAH	3295000	3.45
6	IDFC TRUSTEE CO. LTD A/C IDFC INFRASTRUCTURE FUND	3133534	3.29
7	SIXTH SENSE INDIA OPPORTUNITIES III	2702702	2.83
8	INDIA INSIGHT VALUE FUND	2328000	2.44
9	PRITI DEVENDRA SHAH	2222820	2.33
10	MUKUL MAHAVIR AGRAWAL	2000000	2.10

ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of appreciation for the committed services by your Company’s employees. Your Directors acknowledge with gratitude, the encouragement and support extended by our valued shareholders.

Your directors place on record their appreciation for the support and co-operation the Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. The Company looks upon them as partners in its progress and has shared with them the rewards of growth.

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

For and on behalf of the Board of Directors of
Parag Milk Foods Limited

Devendra Shah
Chairman
DIN: 01127319

Place: Mumbai
Date: August 13, 2022

ANNEXURE – I

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures as per the Companies Act, 2013 for the financial year ended March 31, 2022

(Amount in Million)		
1	Name of the Subsidiary	Bhagyalaxmi Dairy Farms Private Limited
2	The date since when subsidiary was acquired	December 2, 2003
3	Reporting period for the subsidiary – concerned, if different from the holding company’s reporting period	April 1, 2021 to March 31, 2022
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 (INR)	57.85
6	Reserves & Surplus	614.17
7	Total Assets	1,369.23
8	Total Liabilities	697.21
9	Investments	0.003
10	Turnover (total revenue including other income)	808.46
11	Profit / (Loss) before Taxation	(43.23)
12	Tax Expense / (Benefit)	(9.82)
13	Profit / (Loss) after Taxation	(33.41)
14	Other Comprehensive Income	(0.52)
15	Total Comprehensive Income	(33.93)
16	Proposed Dividend	Nil
17	% of shareholding	100.00%

NOTE:

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

For and on behalf of the Board of Director of
Parag Milk Foods Limited

Place: Mumbai
Date: August 13, 2022

Devendra Shah
Chairman
DIN: 01127319

Pritam Shah
Managing Director
DIN: 01127247

ANNEXURE – II

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

The details of activity under ESOS 2015 are summarized below:

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	No. of options	WAEP (INR)	No. of options	WAEP (INR)
Outstanding at the beginning of the year	102039	258.90	115,765	258.90
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	102039	258.90	13726	258.90
Exercised during the year	-	-	-	-
Outstanding at the end of the year:	NIL	-	102039	258.90
of which Options vested and exercisable at the end of the year	-	-	-	-

**For and on behalf of the Board of Director of
Parag Milk Foods Limited**

Devendra P. Shah
Chairman
DIN: 01127319

Place: Mumbai
Date: August 13, 2022

ANNEXURE – III**CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

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

1. Brief outline on CSR Policy of the Company

Parag Milk Foods Limited ("the Company") has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The Company shall take up activities mentioned in its policy as and when fruitful opportunity exists.

The Board of Directors at its meeting held on June 12, 2021 approved the alteration and amendment of the CSR Policy pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Rule 5 of Companies (Corporate Social Responsibility Policy) Rules, 2014, (as amended)

In line with the guidelines given under Schedule VII of the Companies Act, 2013, the CSR Committee has identified activities primarily in four major areas viz Affordable Housing, COVID Expenditure, Primary Education and Animal Welfare, around which your Company focuses its CSR initiatives and channelizing the resources in a sustained manner.

The Company actively contributes to the social and economic development of the communities in which it operates. The Company's Corporate Social Responsibility ("CSR") policy encompasses formulation, implementation, monitoring, evaluation, documentation and reporting of CSR activities taken up by the Company.

Through its social investments, the Company addresses various needs of communities residing in the vicinity of its facilities and plants by taking sustainable initiatives in the areas of health, education, animal welfare, infrastructure and community development, and response to natural calamities and pandemics.

The four pillars of CSR are as follows:

- Sustainability** – To ensure that the long-term business goals are aligned with sustainable development without compromising on economic, environmental and social factor.
- Gender Diversity** – To have a high performing inclusive work culture and commitment to attract and retain capable talent maintaining gender sensitivity and healthy balance.
- Employee Volunteering** – To reach out to all employees and drive the volunteering programs of the Company through collective social responsibility and strong individual commitment.
- Community Outreach Programs** – To ensure the communities where the company operates should also benefit equally.

2. Composition of CSR Committee

Sr. No.	Name of Director / Member	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. B. M. Vyas*	Chairman – Non Executive Director	1	1
2.	Mr. Devendra Shah	Member – Executive Director	1	1
3.	Ms. Radhika Dudhat	Member- Independent Director	1	1
4.	Mr. Narendra Ambwani	Member – Independent Director	1	1

* Mr. B. M. Vyas ceased to be Chairman and Member of the Committee w.e.f. June 29, 2022 and Ms. Radhika Dudhat was subsequently appointed as Chairman of CSR Committee.

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.

These details are disclosed on the Company's website at www.paragmilkfoods.com.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) –

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

The Company had an obligation to spend INR 23.40 Million for the Financial Year 2021-22 whereas it actually spent an amount of INR 23.48 Million. Spending an excess of INR 80,934 in the current Financial Year, there is an amount of INR 80,934 available for set-off which the Company does not propose to set-off.

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in INR)	Amount required to be setoff for the financial year, if any (in INR)
1.	2021-22	Nil	Nil
TOTAL		Nil	

6. Average net profit of the company as per section 135(5) – INR 1170.00 Million

7. Details of:

- Two percent of average net profit of the company as per section 135(5) – INR 23.40 Million
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil
- Amount required to be set off for the financial year – Nil
- Total CSR Obligation for Financial Year (7a + 7b + 7c) – INR 23.40 Million

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in INR)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
INR 23.48 Million	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5	6	7	8	9	10	11
Sl No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes / No)	Location of the Project	Project Duration	Amount Allocated for the project	Amount spent in the current financial Year (in INR)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR)	Mode of Implementation – Direct (Yes / No)	Mode of Implementation through Agency
				State District						Name CSR Registration No.
-	-	-	-	-	-	-	-	-	-	-

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5	6	7	8
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project State District	Amount spent for the project (in Rupees.)	Mode of implementation on- Direct (Yes/No)	Mode of implementation -Through implementing agency Name CSR registration Number
1.	Neem Project	Promoting Education	Yes	Maharashtra Manchar	23,537	No	TeamLease Education Foundation CSR00009471
2.	Contributing to Poona Panjrapole	Animal Welfare, Protection of Flora & Fauna	Yes	Maharashtra Manchar	66,36,039	No	POONA DISTRICT PANJARAPOL CSR00024691
3.	COVID-19 Expenses	COVID - 19 Expense	Yes	Maharashtra Manchar	68,21,358	Yes	NA NA
4.	Omkar Andh Apang Samajik Sanstha	Elderly & Differently Abled and livelihood enhancement projects	Yes	Maharashtra Mumbai	1,00,00,000	No	Omkar Andh Apang Samajik Sanstha CSR00003196
Total					2,34,80,934		

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact assessment – Nil

(f) Total amount spent for financial year (8b+8c+8d+8e) – INR 2,34,80,934

(g) Excess Amount for Set off, if any – INR 80,934

Sr. No.	Particular	Amount (in Million INR)
i.	Two percent of average net profit of the company as per section 135(5)	23.40
ii.	Total amount spent for the Financial Year	23.48
iii.	Excess amount spent for the financial year [(ii)-(i)]	0.08
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.08

9. A. Details of Unspent CSR amount for the preceding three financial years –

Unspent Amount of INR 10.96 Million in FY 2019-20

Sr. No.	Preceding Financial year	Amount transferred to Unspent CSR Account under section 135 (6) (in INR)	Amount spent in the reporting Financial Year (in INR).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.	Amount remaining to be spent in succeeding financial years (in INR)
				Name of the fund Amount (In INR) Date of transfer	
1.	FY 2020-21	-	-	-	-
2.	FY 2019-20	-	10.78 Million	-	10.96 Million
3.	FY 2018-19	-	-	-	-

B. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

1	2	3	4	5	6	7	8	9
Sr No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount allocated for the project (in INR).	Amount spent on the project in the reporting Financial Year (in INR).	Cumulative amount spent at the end of reporting Financial Year. (in INR)	Status of the project – Completed /Ongoing.
-	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

Date of creation or acquisition of the capital asset(s)	-	NA
Amount of CSR spent for creation or acquisition of capital asset	-	NA
Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	-	NA
Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	-	NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)

- NA

**For and on behalf of the Board of Directors of
Parag Milk Foods Limited**

Place: Mumbai
Date: August 13, 2022

Devendra Shah
Chairman of Company
(DIN: 01127319)

Radhika Dudhat
Chairman of CSR Committee
(DIN: 00016712)

ANNEXURE - IV**Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo**

[Section 134(3)(m) of the Companies Act, 2013 Read with Rule8 (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 2021-22 is given in the form as below.

Sr. No.	Power and Fuel Consumption	Total Units
1	Electricity Consumption (Total No. of Units)	4,18,48,196
2	Own Generator through T.G. Set (Units)	30,27,030
3	D.G. Unit	6,48,597
4	Diesel / SKO consumed (LTR)	3,75,600
5	Furnace Oil Consumed (LTR)	2,57,104
6	Coal (kg)	4,22,42,561

B. STEPS TAKEN DURING THE YEAR FOR ENERGY CONSERVATION

During the financial year 2021-22 the following steps were under taken by the Company which resulted in saving in energy consumption.

1. Modified powder plant no 2 which improves production efficiency , better control through SCADA and improve energy efficiency and also reduces production losses.
2. Replaced inefficient refrigeration systems (550TR*2 Nos) with new high efficient centrifugal liquid chiller systems.
3. Replacements of old motors with high efficient motors.
4. Installed Variable frequency drive (100KW) on various equipment's.
5. Replaced metal halide lights with high luminous LED lights.

C. RESEARCH AND DEVELOPMENT (R&D)

Our Research & Development team works continuously in developing new products as well as improvement of processes. During the year, the team developed "Pride of Cows' single-origin Paneer with distinct production process, soft and delicious without any additives and preservatives with unique packaging .. The team has also developed milk based and whey based beverages under the brand Go, naming Go milkshakes with five flavours and GO Rapid with two flavours respectively. Going forward, the team is continuously exploring newer segments

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Following are the details of the foreign exchange earned and used during the financial year 2021-22 (INR In Millions)

Particulars	2021-22	2020-21
Foreign exchange earned	290.75	327.63
Foreign exchange used	232.39	290.74

E. TECHNOLOGY ABSORPTION

- We have installed VFD (Variable frequency drive) on air compressor & refrigeration compressor
- Improved regeneration efficiency of various heat exchangers.
- Minimising stack loss of boiler.
- Identification & replacement of inefficient pumps with new generation efficient pumps.
- Commissioning of 850KW Bio gas Engine for own electricity generation
- Replacement of inefficient refrigeration system with high performance equipment's.
- Replacement of Old motors with high efficiency motors

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

S.No.	Disclosure Requirement	Disclosure Details			
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22.	Name of the Directors	Category	Ratio (In x times)	No. of ESOPs granted during 2022
		Mr. Devendra Shah	Executive Chairman-Whole time Director	94.69	N. A.
		Mr. Pritam Shah	Managing Director	94.69	N. A.
		Mr. B. M. Vyas	Non-Executive Director	9.47	N. A.
		Mr. Ramesh Chandak	Independent Director	-	-
		Mr. Narendra Ambwani	Independent Director	-	-
		Mr. Nitin Dhavalikar	Independent Director	-	-
		Ms. Radhika Dudhat	Independent Director	-	-
		Mr. Nikhil Vora	Non-Executive Director	-	-
		a. The median remuneration of all the employees of the Company was 21,121/-. b. For this purpose, Sitting Fees paid to the Directors has not been considered as remuneration. c. Figures have been rounded off wherever necessary.			
2.	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2021-22.	Name of the Directors	Category	% Increase in remuneration	
		Mr. Devendra Shah	Executive Chairman-Whole Time Director	N.A.	
		Mr. Pritam Shah	Managing Director	N.A.	
		Mr. B. M. Vyas	Non-Executive Director	N.A.	
		Mr. Shashikant Dalmia *	Chief Financial Officer	N.A.	
		Ms. Rachana Sanganeria	Company Secretary & Compliance Officer	10%	
3.	The percentage increase/decrease in the median remuneration of employees in the financial year 2021-22	The median percentage decrease in the median remuneration of employees in the financial year 2021-22 is 3.2%.			

4.	Number of permanent employees on the rolls of the Company	There were 1,535 permanent employees of Parag Milk Foods Limited as on March 31, 2022
5.	The average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	For the employees other than managerial personnel who were in employment in FY 2021-22, the average increase is 4.55 %. Average decreased in managerial remuneration is (-)13.19 %
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	Yes, it is confirmed.

• Ceased as CFO w.e.f. December 30, 2021

**For and on behalf of the Board of Director of
Parag Milk Foods Limited**

Place: Mumbai
Date: August 13, 2022

Devendra P. Shah
Chairman
DIN: 01127319

FORM NO. MR-3**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

[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 authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 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 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 (Share Based Employee Benefits) Regulations, 2014;
 - d. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015;
 - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

Amongst the various laws which are applicable to the Company, the laws which are specifically applicable to the Company are annexed to this report as Annexure A.

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).
- ii. MCA Notification holding Meetings through VC / OVAM.

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

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

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

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

We further report that, during the audit period, the Members at the Extra- Ordinary General Meeting held on April 26, 2021 approved the following:

- Increase in authorized share capital to INR 120,00,00,000/- (Rupees One Hundred Twenty Crores only) divided into 12,00,00,000 (Twelve Crores) Equity Shares of INR 10/- each by creation of additional 2,00,00,000 (Two Crore) Equity Shares of INR 10/- each and amendment in the capital clause of memorandum of association of the Company.
- Issuance of 1,00,00,000 convertible share warrants convertible into 1,00,00,000 equity shares of face value of INR 10/- (Rupees Ten only) each, fully paid up, on a preferential basis to promoter/ promoter group, at a price of INR 111/- (Rupees One Hundred Eleven only) (including premium of INR 101/-) per share warrant.
- Issue and allot 11,261,259 equity shares at a price of INR 111/- (including a premium of INR 101/-) per share on a preferential basis to investors.
- Issue, create and allot unlisted, unsecured, unrated foreign currency convertible bonds ("FCCBs") aggregating upto US \$11 million by private placement to International Finance Corporation.

We further report that, during the audit period, the Members at the Annual General Meeting held on September 15, 2021 approved the following by passing ordinary resolutions:

- Adoption of Financial Statements.
- Appointment of Mr. Devendra Shah as a director liable to retire by rotation.
- Declaration of Final Dividend on equity shares at the rate of INR 0.50/- per equity share for the financial year ended March 31, 2021.
- The remuneration of INR 1,00,000/- per annum (Rupees One Lakh Only) plus taxes as applicable and reimbursement of out of pocket expenses incurred in connection with the audit, payable to M/s. Harshad S. Deshpande & Associates, Pune, Cost Accountants.
- Approve increase in remuneration of Ms. Akshali Shah - Senior Vice President (Strategy, Sales and Marketing) appointed to an office or place of profit.
- Appointment of Mr. Nikhil Vora (DIN: 05014606) as a Non-Executive Director.

We further report that, during the audit period, the Members at the Annual General Meeting held on September 15, 2021 approved the following by passing special resolutions:

- Amendment to the Articles of Association (AOA) of the Company.
- Payment of remuneration to Mr. B.M. Vyas (DIN: 00043804), Non-Executive Director, exceeding fifty percent of the total remuneration payable to all Non-Executive Directors.

Date: August 13, 2022
Place: Mumbai

For M/s N. L. Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
P/R No.: 700/2020

Mitra Ratnani
Partner
ACS: 65355
CP. No.: 25354
UDIN: A065355D000792059

Annexure A

Laws specifically applicable to the Company:

1. Food Safety and Standard Act, 2006
2. Consumer Protection Act, 1986/Monopolies and Restrictive Trade Practices Act, 1969
3. Factories Act, 1948
4. Standards of Weights & Measurement Act, 1976
5. Negotiable Instrument Act, 1981
6. Obligations under Pollution Control Laws/Relevant Local Law(s) for Environmental matter/ Approval under local laws
7. Employee Laws
8. Tax Laws

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.

Date: August 13, 2022
Place: Mumbai

For M/s N. L. Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800
P/R No.: 700/2020

Mitra Ratnani
Partner
ACS: 65355
CP. No.: 25354
UDIN: A065355D000792059

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The corporate governance philosophy of Parag Milk Foods Limited ("the Company" or "Parag") is based on the tenets of integrity, accountability, transparency and values.

The Company lays emphasis on the values of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of stakeholders.

The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has always been committed to the principles of good corporate governance. In addition to compliance with regulatory requirements, the Company also endeavors to ensure that highest standards of ethical and responsible conduct are maintained throughout the organization.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, with regard to corporate governance.

The details of Parag board structure and the various committees that constitute the governance structure of the organization are covered in detail in this report.

2. BOARD OF DIRECTORS

a. COMPOSITION

The Company recognizes the importance of a diverse Board in its optimal success. The Board comprises of members having varied skills, experience and knowledge. As on March 31, 2022, the Board comprised of eight Directors,

with four Non-Executive Independent Directors including 1 Women Director, two Non-Executive Non-Independent Directors and two Executive Directors (Chairman and Managing Director).

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 and 152 of the Companies Act 2013 ("the Act"). Necessary disclosures regarding Committee positions in other public companies as on March 31, 2022 have been received from the Directors.

The Board is committed to the goal of sustainably elevating the Company's value creation.

These guidelines seek to systematise the decision-making process at the meetings of the Board and its Committees in an informed and efficient manner. Further, the Board of Directors of the Company is totally committed to the best practices for effective Corporate Governance.

b. BOARD MEETINGS

During the financial year, seven meetings of the Board of Directors were held on April 01, 2021, April 30, 2021, June 12, 2021, July 29, 2021, November 01, 2021, December 08, 2021 and February 05, 2022.

Necessary quorum was present for all the meetings. The time gap between any two meetings was not exceeding one hundred and twenty days. The Board strives to meet at least once a quarter to review the quarterly financial results and other items on the agenda. Additional meetings are held when necessary.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience as well as enables the Board to discharge its responsibilities and provide effective leadership to the business.

The 29th AGM of the Company was held on September 15, 2021 by Video Conferencing / Other Audio Visual Means through e-voting system of the National Securities Depository Limited ("NSDL") by ZOOM platform.

The composition, nature of directorship, and directorship in other public companies of the Board of Directors as on March 31, 2022 are as under:

Name of Director (DIN)	Category	No. of Board meetings held	Number of Board Meetings attended during the FY 2022	Whether attended last AGM held on September 15, 2021	Number of Directorship in other Public Limited Companies	#Number of Committee positions held in other Public Limited Companies		Directorship in other Listed Entities (Category)
						Member	Chairman	
Devendra P. Shah (DIN: 01127319)	Executive Chairman - Whole time Director (Promoter)	7	7	YES	-	-	-	-
Pritam P. Shah (DIN: 01127247)	Managing Director (Promoter)	7	7	YES	-	-	-	-
*B.M. Vyas (DIN: 00043804)	Non-Executive, Non-Independent Director	7	5	YES	-	-	-	-
@Ramesh Chandak (DIN: 00026581)	Non-Executive, Independent Director	7	7	YES	6	8	3	1) Ram Ratna Wires Limited (Independent Director) 2) KEC International Limited (Independent Director) 3) Summit Securities Limited (Independent Director) 4) Prince Pipes and Fittings Limited (Independent Director)
Narendra Ambwani (DIN: 00236658)	Non-Executive, Independent Director	7	7	YES	5	7	1	1) Agro Tech Foods Limited (Independent Director) 2) RPG Life Sciences Limited (Independent Director) 3) Godrej Consumer Products Limited (Independent Director)
Nitin Dhavalikar (DIN: 07239870)	Non-Executive, Independent Director	7	7	YES	0	0	0	-
Radhika M. Dudhat (DIN: 00016712)	Non-Executive Independent Director	7	7	YES	2	2	1	1. Jain Irrigation Systems Limited (Independent Director) 2. Tips Industries Limited (Independent Director)
^Nikhil Vora (DIN: 05014606)	Non-Executive, Independent Director	3	3	YES	3	0	0	1. Hindustan Foods Limited (Non-Executive Director) 2. JHS Svendgaard Laboratories Ltd (Nominee Director, Non Executive)

#Only Audit Committee and Stakeholder's Relationship Committee positions are considered as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

* Mr. B. M. Vyas, Non-Executive Director resigned from the Board of the Company with effect from June 29, 2022 due to his personal health reasons. He has confirmed that there were no material reasons for his resignation other than the one stated above.

^Mr. Vora was appointed as Non-Executive, Non-Independent Director on the Board of the Company with effect from August 20, 2021.

@Mr. Ramesh Chandak ceased to be Independent Director of the Company with effect from August 12, 2022 due to personal commitments & engagements leading to conflict of interests. He has confirmed there were no other material reasons other than stated above.

The Board meets at least once a quarter to review the quarterly financial results and other items on the agenda. Additional meetings are held when necessary.

Independent directors are expected to attend at least four quarterly Board meetings and the Annual General Meeting ("AGM"). The Company provides video conferencing / teleconferencing facilities to enable their participation. The Board members are expected to rigorously prepare for, attend and participate in the Board and respective committee meetings.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified under Regulation 26(1) of Listing Regulations), across all the companies in which they are Directors.

None of the Directors on the Board:

- holds directorships in more than ten public companies;
- serves as Director or as independent directors in more than seven listed entities; and
- As an Executive Director serves as independent directors in more than three listed entities.

a. DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS PER-SE

In terms of Regulation 36(3)(c) and Schedule V(C)(2)(e) of the SEBI Listing Regulations, none of the Directors are related to each other.

However, Mr. Devendra P. Shah and Mr. Pritam P. Shah are related to each other (Brothers).

b. DISCLOSURE OF SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Details of equity shares of the Company held by the Directors as on March 31, 2022 are given below:

Name of Director	Category	Number of Equity Shares
Mr. B. M. Vyas	Non - Executive, Non Independent Director	NIL
Mr. Nikhil Vora	Non - Executive, Non Independent Director	1,60,700
Mr. Narendra Ambwani	Non Executive, Independent Director	4,500

None of the Independent Non-Executive Directors hold any equity shares or convertible instruments of the Company during the financial year ended March 31, 2022, except Mr. Narendra Ambwani.

c. INDUCTION AND FAMILIARISATION PROGRAMMES

The Company has an orientation programme upon induction of new Directors, as well as other initiatives to update directors on a continuous basis.

All new Independent Directors are taken through a detailed induction and familiarization program when they join the Board of the Company. The induction program is an exhaustive one that covers the history and culture of Parag Milk Foods Ltd, background of the Company and its growth over the last several decades, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions.

Thereafter, the Independent Directors are provided with necessary presentations, documents, reports, internal policies and updates to familiarise them with the Company's business, policies, procedures and practices at various Meetings held during the year.

As a part of induction programme, the Independent Directors also visit the Company's manufacturing locations to understand the operations of the Company. The Independent Directors are also exposed to the constitution, Board procedures, matters reserved for the Board and major risks facing the business and risk mitigation programmes. The Independent Directors are made aware of their roles and responsibilities at the time of their appointment and a detailed Letter of Appointment is issued to them. The Board has adopted a Policy on Familiarization Programme for the Independent Directors which aims to provide significant insight into the business of the Company.

The Company has conducted familiarisation programs for Independent Directors during the year.

The details for the same have been disclosed on the website of the Company at the following web-link: <https://www.paragmilkfoods.com/investors.php>.

d. MATRIX SETTING OUT THE SKILLS / EXPERTISE / COMPETENCIES OF THE BOARD OF DIRECTORS

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

The board skill matrix provides a guide as to the core skills, expertise, competencies and other criteria (collectively referred to as 'skill sets') considered appropriate by the board of the Company in the context of its business and sector(s) for it to function effectively and those actually available with the Board. The skill sets will keep on changing as the organization evolves and hence the board may review the matrix from time to time to ensure that the composition of the skill sets remains aligned to the Company's strategic direction.

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

The Board has, taking into consideration the Company's nature of business, core competencies, key characteristics, identified the following core skills/ expertise/ competencies as required in the context of its business(es) & sector(s) for it to function effectively and which are available with the Board.

The core skills/ expertise/ competencies fundamental for the effective functioning of the Company as identified by the Board of Directors as required in the context of its business (es) and sector(s) are as follows:

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

1. **Global Business** - An understanding of diverse business environments, various geographies, industry verticals, economic conditions, cultures and regulatory frameworks and a broad perspective on global market opportunities

2. **Industry Knowledge** - understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunity (ies) and knowledge of the industry in which the Company operates.
3. **Strategy and Planning** - Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
4. **Governance** - Experience in developing governance framework, serving the best interests of all stakeholders, driving board and management accountability, building long-term effective stakeholder engagements and sustainability. Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long term effective stakeholder engagements and driving corporate ethics and values.
5. **Risk Management** - Assisting in identifying, assessing and controlling financial, legal, strategic and security risks to an organization's capital and earnings.
6. **Business & Financial Acumen** - Ability to understand and analyze key financial statements, critically assess financial viability and performance, oversee efficient use of resource
7. **Marketing & Communications** - Knowledge of and exposure to nuances of marketing and public promotion campaigns, and ability to gather information relating to consumers' expectations and grievances

Sr. No.	Skills / Expertise / Competencies Required	DS	PS	BM	RC	NA	RD	ND	NV
1	Global Business	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Industry Knowledge	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Strategy and Planning	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Risk Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Business & Financial Acumen	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	Marketing & Communications	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: DS - Devendra Shah, PS - Pritam Shah, BM - B. M. Vyas, RC - Ramesh Chandak, NA - Narendra Ambwani, RD - Radhika Dudhat, ND - Nitin Dhavalikar, NV - Nikhil Vora

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

3. DIRECTORS' INDEPENDENCE AND DECLARATIONS

All Independent Directors of the Company have certified and confirmed their independence in accordance with Section 149(6) of the Companies Act, 2013 ("the Act") read with Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations, as amended on March 31, 2022. Further in terms of the Regulation 25(8), they have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

The Board at its meeting held on April 01, 2021, reviewed the declaration of independence submitted by Independent Directors and carried out due assessment of the veracity of the same, thereby noting that the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and are independent of the management.

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

The same forms part of this Annual Report.

4. SEPARATE MEETING OF INDEPENDENT DIRECTORS

For the Board to exercise free and fair judgment in all matters related to the functioning of the Company, it is important for the independent directors to have meetings without the presence of the executive management.

The Independent Directors meet at least once in a year, without the presence of Executive Directors or Management representatives.

During the financial year, the independent directors met without the presence of the Management.

The meeting of Independent Directors was held on March 21, 2022 through video - conferencing.

The meeting was chaired by Mr. Nitin Dhavalikar, Independent Director wherein the Independent Directors inter alia took up the following agenda items:

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

At such meetings, the independent directors discuss, among other matters, performance of the Company and risks faced by it, flow of information between Board & Management, competition, strategy, strengths and weaknesses, governance, compliance, Board movements, succession planning, human resource matters and performance of the executive members of the Board, and the Chairman.

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

5. AVAILABILITY OF INFORMATION TO BOARD MEMBERS

The Board has unrestricted access to all Company-related information, including that of the employees. At Board meetings, functional heads and representatives who can provide additional insights into the agenda items being discussed are roped in as invitees. Information is provided to the Board members on a continuous basis for their review, discussions, inputs and approval. Strategic and operating plans are presented to the Board in addition to the quarterly and annual financial statements. Specific cases of acquisitions, important managerial decisions, material positive / negative developments and statutory matters are presented to the statutory committees and later, with their recommendation, to the Board for its approval.

As a process, all Board/ Committee members are given notice of the meetings in advance. The meetings are governed by a structured agenda. The agenda along with the Notes to agenda are distributed well in advance. All items in the agenda are supported by detailed background information to enable the Directors to take informed decisions. Minutes of the proceedings of each Board/ Committee meetings are recorded. Draft minutes are circulated amongst all Directors for their comments. The minutes of the proceedings of the meetings are entered in the minutes' book.

The Company has an effective mechanism for post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees. The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.

During FY 2022, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

6. COMMITTEES OF THE BOARD

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board. Committees of the Board usually meet the day before or same day of the Board meeting, or whenever the need arises for transacting business.

The Chairman of the Board, in consultation with the Company Secretary and the respective Chairperson of the Committee, determines the frequency of the committee meetings. The quorum for meetings is the higher of two members or one-third of the total number of members of the committee.

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

a) AUDIT COMMITTEE

The powers, roles and terms of reference of the Audit Committee covers the areas as specified under Section 177 of the Act and Regulation 18 of the Listing Regulations, as applicable, besides other terms as referred by the Board. The powers include investigating any activity within its terms of reference as specified by the Board and seeking information from any employee, obtaining professional advice from external sources, securing attendance of outsiders with relevant expertise, if considered necessary and having full access to information contained in the records of the Company.

Composition, Name of Chairman and Members & Terms of Reference

The Audit Committee comprises of total 4 members with Mr. Nitin Dhavalikar as the Chairman, Mr. Narendra Ambwani & Mr. Ramesh Chandak (Independent Directors) and Mr. Pritam Shah, (Managing Director) as Members of the Committee. All the members of the Committee have relevant experience in financial matters.

The Chief Financial Officer, Statutory Auditors and Internal Auditors are invitees to the

Audit Committee meetings. The Company Secretary acts as Secretary to the Audit Committee.

Mr. Nitin Dhavalikar, Chairman of the Audit Committee was present at the last Annual General Meeting held on 15th September, 2021.

The composition of the Audit Committee complies with the requirements laid down in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee meets at least once a quarter. During the financial year Five (5) meetings of the Audit Committee were held on April 1, 2021, June 12, 2021, July 28, 2021, October 31, 2021 and February 5, 2022. The gap between two Meetings was not more than 120 days. The requisite quorum was present in all the Meetings.

Terms of Reference

The terms of reference and powers of the Audit Committee are those prescribed under Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

The role of the audit committee shall include the following:

1. Oversight of the company's financials is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of statutory, internal and cost auditors of the Company;
3. Approval of payment to statutory & other auditors for any other services rendered by them;
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 forming part of Board report in terms of section 134(3)(c) of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.

- e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions;
 - g) modified opinion(s) in the draft audit report;
 5. reviewing, with the management, the quarterly financials before submission to the board for approval;
 6. reviewing, with the management, the statement of use / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take necessary steps in this matter;
 7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. approval or any subsequent modification of transactions of the listed entity with related parties;
 9. scrutiny of inter - corporate loans and investments;
 10. Valuation of undertakings or assets of the 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 head of department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors of any significant findings and follow up there on
 15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post - audit discussion to ascertain any area of concern;
 17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. to review the functioning of the whistle blower mechanism;
 19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
 21. reviewing the utilization of loans and/ or advances from / investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
 22. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.
- **The audit committee shall mandatorily review the following information**
 - 1) management discussion and analysis of financial condition and results of operations;
 - 2) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - 3) internal audit reports relating to internal control weaknesses; and
 - 4) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - 5) statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b. annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7).

All members of the Audit Committee are financially literate and having relevant expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function.

Meetings and Attendance during the Year

The Audit Committee meets at least once a quarter. There were Five (5) meetings of the Audit Committee held during the year ended March 31, 2022 on April 1, 2021, June 12, 2021, July

28, 2021, October 31, 2021 and February 5, 2022. The gap between two Meetings was not more than 120 days. The requisite quorum was present in all the Meetings.

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

The composition, name of the members, chairperson, particulars of the Meetings, and attendance of the members during the year are as follows:

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

* Ceased as Member w.e.f August 12, 2022 due to Resignation as Independent Director

The Audit Committee is also responsible for giving guidance and directions under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and to review the report of the Compliance Officer with the provisions of these regulations at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

The Audit Committee reviews the reports of the internal auditors including external & internal Auditors, the reports of the statutory auditors arising out of the quarterly, half-yearly, and annual audit of the accounts; considers significant financial issues affecting the Company and holds discussions with the internal and statutory auditors and Management during the year.

b) NOMINATION AND REMUNERATION COMMITTEE (NRC)

The powers, role and terms of reference of the Nomination and Remuneration Committee ("NRC") covers the areas as mentioned under Section 178 of the Act and Regulation 19 of Listing Regulations, besides other terms as referred by the Board. The role includes but not limited to recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel

("KMP") and other employees; formulation of criteria for evaluation of Independent Directors and the Board; and identification of persons who are qualified to become directors and who may be appointed in senior management, and recommending to the Board their appointment, removal and noting of cessation (changes); and recommendation to the Board of all remuneration, in whatever form, payable to senior management.

Composition, Name of Chairman and Members & Terms of Reference

The NRC comprises of four Directors with Mr. Nitin Dhavalikar, as the Chairman of the Committee and Mr. Devendra Shah, Mr. Ramesh Chandak and Ms. Radhika Dudhat as Members of the Committee.

Chairman of NRC was present at the last Annual General Meeting held on September 15, 2021.

During the year, Mr. B. M. Vyas ceased to be a member of the Committee with effect from November 1, 2021 pursuant to re-constitution in the Committee due to amendment vide SEBI (LODR) (Third Amendment) Regulations, 2021 w.e.f. January 1, 2022 which obligated Nomination & Remuneration Committee of listed entities to have at least two-thirds of

the members as independent directors.

During the year, the Non-Executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings.

The Company Secretary acts as the Secretary to the Committee.

The terms of reference of the Committee cover the matters specified for NRC under the Listing Regulations and the Act.

The composition, name of the members, chairperson, particulars of the Meetings, and attendance of the members during the year are mentioned in the table below as follows:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the year	
				Held	Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	2	2
2	Mr. Devendra Shah	Member	Executive Director	2	2
3	Ms. Radhika Dudhat	Member	Independent Director	2	2
4	Mr. Ramesh Chandak*	Member	Independent Director	2	2
5	Mr. B. M. Vyas#	Member	Non- Executive Director	2	1

* Ceased as Independent Director w.e.f. August 12, 2022

#Ceased to be member w.e.f. November 1, 2021 due to re-constitution of Committee

Terms of Reference

The terms of reference and powers of the Committee are those prescribed under Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 178 of the Companies Act, 2013.

The Board on the recommendation of the Nomination & Remuneration Committee adopted the Remuneration policy for Directors, Key Managerial Personnel (KMP) and other employees of the company. The Committee also plays the role of Compensation Committee and is responsible for administering the Stock Option Plan of the Company and determining eligibility of employees for stock options.

The terms of reference of the NRC are:

- Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, KMP and other employees. Formulation of criteria for evaluation of Independent Directors and the Board.

Apart from the above, the Committee also carries out such functions / responsibilities entrusted on it by the Board of Directors from time to time.

Meetings and Attendance

The NRC met twice during the year on July 28, 2021 and August 18, 2021. The requisite quorum was present at the Meeting.

Chairman of NRC was present at the last 29th Annual General Meeting held on September 15, 2021 to answer the Shareholder queries.

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To recommend remuneration policy for the directors, KMP, executives and other employees of Company.

Role of the Nomination and Remuneration Committee

- Determine / recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine / recommend the criteria for qualifications, positive attributes and independence of Director;
- Review and determine elements of remuneration package of the Executive Directors and KMP i.e. salary, benefits, bonuses, stock options, pension etc;
- Formulate criteria and carry out evaluation of performance of each Director Individually and the Board as a whole;
- Recommend to the Board, all remunerations, in whatever form, payable to Senior Management.

Performance Evaluation

The Company has laid down a process for evaluation of the Board and Committees of Board as well as evaluation of the performance of each of the Directors. A structured questionnaire is prepared after circulating the draft forms, covering various aspects such as structure of the Board, qualifications, experience and competency of Directors, diversity in Board, effectiveness of the Board process, among others.

Independent directors have three key roles - governance, control and guidance. Some performance indicators, based on which independent directors are evaluated, include:

- The ability to contribute to and monitor corporate governance practices
- The ability to contribute by introducing international best practices to address business challenges and risks
- Active participation in long-term strategic planning
- Commitment to fulfillment of director's obligations and fiduciary responsibilities; these include participation in Board and committee meetings

Individual directors including the Chairman of the Board were also evaluated on parameters such as level of engagement and contribution, independence of judgement. The performance evaluation of the Independent Directors was carried out by the entire Board on basis of participation of Independent directors in the meeting, raising of concerns to the Board, safeguarding confidentiality of information, rendering of independent decisions, unbiased opinions, and timely inputs on the minutes, and initiatives in terms of planning and new ideas. The Directors expressed their satisfaction with the evaluation process.

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

The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation of the Directors, the Directors being evaluated had not participated. As an outcome of the evaluation, it was noted that board as

a whole has a composition that is diverse in experience and perspective and fosters healthy discussions. The discussion quality is robust, well intended and leads to clear direction and decision. It should also be noted that the Board Committees function professionally and smoothly and besides the Board Committee's terms of reference as mandated by law, important issues are brought up and discussed in the respective Committees.

c) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee ("SRC") oversees, inter-alia, redressal of shareholder and investor grievances, transfer/ transmission of shares, non-receipt of annual report or declared dividend, reviewing dematerialization/rematerialization of shares and related matters.

The roles and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of Listing Regulations.

Composition, Name of Chairman and Members & Terms of Reference

The Stakeholders Relationship Committee comprises of 4 members including Mr. B.M. Vyas (Non-Executive Director) as the Chairman of the Committee and Mr. Devendra Shah, Mr. Pritam Shah, and Mr. Nitin Dhavalikar as Members of the Committee.

However, the Board at its meeting held on June 30, 2022 made Mr. Nitin Dhavalikar as Chairman in place of Mr. B. M. Vyas w.e.f. June 30, 2022 due to his cessation as director in Company.

The terms of reference of the Committee cover the matters specified for Stakeholders' Relationship Committee under the Listing Regulations and the Act.

The Company Secretary acts as the Compliance Officer to the Committee.

Mr. B. M. Vyas - Chairman of the Committee was present at the last Annual General Meeting held on 15th September, 2021.

Meetings and Attendance

During the Financial Year 2021-22, SRC meeting was held once i.e. on March 21, 2022.

The composition, name of the members, chairman, particulars of the Meetings and attendance of the members during the year are as follows:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the year	
				Held	Attended
1	Mr. B. M. Vyas*	Chairman	Non-Executive Non-Independent Director	1	1
2	Mr. Devendra Shah	Member	Executive Director	1	1
3	Mr. Pritam Shah	Member	Executive Director	1	1
4	Mr. Nitin Dhavalikar	Member	Independent Director	1	1

* Ceased to be Chairman of the Committee w.e.f. June 29, 2022 and Mr. Nitin Dhavalikar appointed as Chairman subsequently in his place.

Terms of Reference

The terms of reference mandated by your Board, which is also in line with the statutory and regulatory requirements are:

1. Resolving the grievances of shareholders of the listed entity including complaints related to transfer/ transmission of shares, non-receipt of annual report & declared dividends, issue of new / duplicate certificates, general meetings queries etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

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

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

Details of Complaints Received and Redressed during 2021-22

Statement of the various complaints received and resolved by the Company during the year ended March 31, 2022 are as under:

Type of complaints	Number of Complaints
No. of complaints pending at the beginning of the financial year 2021-22	NIL
No. of complaints received during the financial year 2021-22	29
No. of complaints resolved to the satisfaction of Shareholders during the financial year 2021-22	29
No. of complaints pending to be resolved at the end of the financial year 2021-22	NIL

Name and Designation of the Compliance Officer

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

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of investors. Shareholders are requested to furnish their

updated telephone numbers and e-mail addresses to facilitate prompt action.

d) RISK MANAGEMENT COMMITTEE

The Board has constituted a Risk Management Committee (RMC) recently in June 2021 in line with the provisions of Regulation 21 of Listing Regulations, which is responsible for providing oversight in achieving the Company's Enterprise Risk Management (ERM) objectives. ERM

helps company's objectives by creating a comprehensive approach to anticipate, identify, prioritize and manage material risks attached to the Company's operations and business. The primary responsibility of RMC is to ensure that sound policies, procedures and practices are in place for industry-wide management of the Company's material risks and to report the results of the Committee's activities to the Audit Committee.

Composition, Name of Chairman and Members

The Risk Management Committee of the Company comprises Mr. Devendra Shah as the Chairman, Mr. Pritam Shah, Mr. Ramesh Chandak, and Mr. Nitin Dhavalikar, as the members of the Committee.

The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

Two Risk Management Committee (RMC) meetings were held during the FY 2021-22, on October 31, 2021 and March 21, 2022 for reviewing the Company level risks and mitigation plans and actions.

The composition, name of the members, chairperson, particulars of the Meeting and attendance of the members during the year are as follows:

Sr. No.	Name of the Member	Designation	No. of Meetings during the year	
			Held	Attended
1	Mr. Devendra Shah	Chairman	2	2
2	Mr. Pritam Shah	Member	2	2
3	*Mr. Ramesh Chandak	Member	2	2
4	Mr. Nitin Dhavalikar	Member	2	2

* Ceased as Member w.e.f. August 12, 2022 due to Resignation as Independent Director

The Company has set up an internal compliance management tool (AVANTIS) to periodically review compliance requirements under different statutes as applicable to the company.

8. Review and monitor Cyber security measures.

9. Formulate, monitor and review risk management policy and plan, inter-alia, covering investment of surplus funds, management of foreign exchange risks, cyber security risks, data privacy risks and intellectual property infringements risks.

TERMS OF REFERENCE

The terms of reference of the Committee are:

1. Provide ongoing guidance and support for the refinement of the overall risk management.
2. Ensure that management understands and accepts its responsibility for identifying, assessing and managing risk.
3. Determine which enterprise risks are most significant.
4. Assign risk owners and approve action plans.
5. Approve company-wide Risk Assessment & Risk Profile.
6. Update the leadership team from time to time on the on-going ERM progress/ changes.
7. Review & report to the Company's Audit Committee/Board.

e) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted a Corporate Social Responsibility (CSR) Committee in line with the provisions of Section 135 of the Companies Act, 2013 with maximum members being Non-Executive Directors to recommend to the Board CSR initiatives of the Company and also to monitor implementation of the CSR initiatives.

Composition, Name of Chairman and Members

The Corporate Social Responsibility (CSR) Committee comprises Mr. B. M. Vyas as the Chairman and Mr. Devendra Shah, Ms. Radhika Dudhat, and Mr. Narendra Ambwani as the members of the Committee.

The Company Secretary acts as the Secretary to the Committee.

The Committee composition as on March 31, 2022 in a tabular format is as under:

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

* Mr. Vyas ceased to be Chairman and Member w.e.f. June 29, 2022 and Ms. Radhika Dudhat was appointed as Chairperson in his place.

Meetings and Attendance

During the financial year ended March 31, 2022, the Committee met once on March 21, 2022.

The composition, name of the members, chairperson, particulars of the meeting and attendance of the members during the year are as follows:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the year	
				Held	Attended
1	Mr. B. M. Vyas*	Chairman	Non - Executive Director	1	1
2	Mr. Devendra Shah	Member	Executive Director	1	1
3.	Ms. Radhika Dudhat	Member	Independent Director	1	1
4	Mr. Narendra Ambwani	Member	Independent Director	1	1

Terms of Reference

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

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy.
- Monitor the CSR Policy.
- Reviewing the performance of Company in the areas of CSR.

7. DETAILS OF REMUNERATION PAID TO DIRECTORS

v) Remuneration to Non-Executive Directors (including Independent Directors)

The Non-Executive Directors (except Mr. Nikhil Vora) are paid sitting fees of INR 1,00,000 for attending Board and Statutory Committee Meetings. The total amount of sitting fees paid to Non-Executive Directors, Including Independent Directors (ID) during the Financial Year 2021-22 was INR 64,00,000/- (Sixty Four Lakhs). The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

The details of payment made to Non-Executive Directors during the financial year 2021-22 are as under:
(INR In Lakhs)

Name of Director (INR)	Sitting Fees for Board Meeting (INR)	Sitting Fees for Committee Meeting (INR)	Total Fees Paid
Mr. B. M. Vyas-	5,00,000	3,00,000	8,00,000
Mr. Narendra Ambwani (ID)	7,00,000	6,00,000	13,00,000
Mr. Nitin Dhavalikar (ID)	7,00,000	10,00,000	17,00,000
Ms. Radhika Dudhat (ID)	7,00,000	3,00,000	10,00,000
Mr. Ramesh Chandak (ID)	7,00,000	9,00,000	16,00,000
*Mr. Nikhil Vora	NIL	NIL	NIL
TOTAL	33,00,000/-	31,00,000/-	64,00,000/-

*Mr Vora has waived his right to receive sitting fees

The remuneration to Non-Executive Directors is based on the Nomination and Remuneration Policy of the Company.

None of the Non-Executive Independent Directors has any pecuniary relationship or transactions with the Company and its Associates.

Mr. B.M. Vyas, Non-executive Non-Independent Director is paid consultancy fees for professional services offered by him.

vi) Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Chairman - Whole time director and Managing Director is governed by the Nomination

and Remuneration Committee. Payment of remuneration to Executive Directors is governed by the respective Agreements executed between Directors and the Company. The remuneration package of Chairman - Whole time Director and Managing Director is as approved by the shareholders at the General Meetings.

Also out of pocket expenses as incurred by the Directors for attending the meetings and for business of the Company are reimbursed to them. Annual increments are linked to performance and are decided by the Nomination and Remuneration Committee and recommended to the Board for approval thereof.

The details of all elements of remuneration package i.e. salary, benefits, bonus, pension, etc. paid to the Executive Director for the financial year 2021-22 are given below:

(Amount in INR)

Name of Director	Designation	Fixed Salary & Perquisites (Remuneration)	Sitting Fees	Total Remuneration for FY 2021-22
Mr. Devendra Shah	Chairman - Whole Time Director	2.4 Crore	NIL	2.4 Crore
Mr. Pritam Shah	Managing Director	2.4 Crore	NIL	2.4 Crore
TOTAL	-	4.8 Crore	NIL	4.8 Crore

Presently, the Company has not granted any stock options to its Directors.

A brief profile and other particulars of the Director seeking re-appointment is given in the Notice of the 30th Annual General Meeting and forms part of the Report.

f) FINANCE COMMITTEE

Apart from the above Statutory Committees, the Board of Directors has constituted a Finance Committee to raise the level of governance and also to meet urgent business specific needs. The Finance Committee of the Board of Directors has been set up w.e.f. August 10, 2016 to oversee routine operations that arise in the normal course of the business, such as decision on banking relations, delegation of operational powers, appointment of nominees under statutes, etc. and for taking decisions on behalf of the Board, during the intervening period between two Board Meetings, on the

routine matters and also the matters on which decisions are required to be taken urgently. The Committee has been given powers upto certain prescribed limits to authorize borrowings /transactions and matters on a non-fund basis.

During the year, the Committee met 16 (Sixteen) times on April 23, 2021, May 1, 2021, May 3, 2021, May 10, 2021, May 18, 2021, May 28, 2021, June 23, 2021, July 8, 2021, August 9, 2021, August 24, 2021, September 22, 2021, November 17, 2021, December 25, 2021, December 27 2021, December 31, 2021, March 8, 2022

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

Sr No.	Name of Members	Designation	Category	No. of Meetings Held	No. of Meeting(s) Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	16	16
2	Mr. Pritam Shah	Member	Executive Director	16	16
3	Mr. Devendra Shah	Member	Executive Director	16	15

8. SUBSIDIARY COMPANY

The Board of Directors of the Company has approved a Policy for determining Material Subsidiaries which is in line with the Listing Regulations as amended. The said policy has been uploaded on the website of the Company viz. www.paragmilkfoods.com. As on March 31, 2022, The Company does not have a material subsidiary as on the date of this Report, having a net worth or income exceeding 10% of the consolidated net worth / income of the Company as defined under Regulation 16(1)(c) of the Listing Regulations.

The information in respect of the loans and advances in the nature of loans to subsidiaries pursuant to Regulation 34 of the Listing Regulations is provided in Notes to the standalone financial statements.

The minutes of the Board Meetings of the subsidiary company along with the details of significant transactions and arrangements entered into are shared with the Board of Directors on a quarterly basis.

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

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

Information to Stock Exchanges is filed electronically on the online portals of BSE Limited i.e. BSE Corporate Compliance & Listing Centre (Listing Centre) and National Stock Exchange of India Limited i.e. NSE Electronic Application Processing System (NEAPS).

9. GENERAL BODY MEETINGS**vii. Details of Annual General Meetings (AGM):****Location and time of the last three Annual General Meetings held and the special resolutions passed in them,**

Details of the Annual General Meetings (AGM) held during the last 3 years and Special Resolutions passed thereat are given below:

Particulars of AGM	Date and Time	Venue	Details of Special Resolution(s) Passed
29th AGM 2020-21	September 15, 2021 at 04:00 P.M	Video Conferencing / Other Audio Visual Means	1. Amendment to the Articles of Association (AOA) of the Company. 2. Approval for payment of remuneration to Mr. B.M. Vyas (DIN: 00043804), Non-Executive Director, exceeding fifty percent of the total remuneration payable to all Non-Executive Directors
28th AGM 2019-20	September 29, 2020 at 04:30 P.M.	Video Conferencing / Other Audio Visual Means	1. Re-appointment of Mr. Ramesh Chandak (DIN: 00026581) as an Independent Director. 2. Approval for payment of remuneration to Mr. B.M. Vyas (DIN: 00043804), Non-Executive Director, exceeding fifty percent of the total remuneration payable to all Non-Executive Directors.
27th AGM 2018-19	September 30, 2019 at 03:30 P.M.	A-Wing, 5th Floor, MCCIA Trade Tower, ICC Complex, 403, Senavati Bapat Road, Mahratta Chamber of Commerce Industries & Agriculture (MCCIA), Pune - 411 016 - Maharashtra.	1. To re-appoint Mr. Narendra Ambwani (DIN: 00236658) as an Independent Director. 2. To re-appoint Ms. Radhika Pereira (DIN: 00016712) as an Independent Director. 3. To re-appoint Mr. Nitin Dhavalikar (DIN: 07239870) as an Independent Director. 4. To approve Parag Milk Foods Limited (PMFL) "Employee Stock Option Scheme 2019" (ESOP 2019 / Parag ESOS 2019)

viii. Extra-Ordinary General Meeting (EGM)

During the FY 2021-22, an Extra-Ordinary General Meeting was held on Monday, the 26th of April, 2021 through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to seek the consent of shareholders of the Company ("Members"), for passing the special resolutions as mentioned below:

1. Approval for Issuance of Convertible Warrants to Promoter/ Promoter Group on Preferential Basis
2. Approval for Issuance of Equity Shares on a Preferential Basis to Investors
3. Approval for Issuance of Foreign Currency Convertible Bonds (FCCBs) On Private Placement Basis

10. MEANS OF COMMUNICATION

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders, which promotes transparency, accountability and confidence in the stakeholders and strengthens robust shareholder relations. The Company regularly interacts with Members through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

a. Quarterly Results	The results are published in the newspapers having wide coverage
b. Newspapers wherein results normally published	The financial results are published in leading English and Marathi daily newspapers, viz. "The Financial Express" (English Newspaper) and "Lok Satta" (Marathi Newspaper)
c. Any Website, where displayed	The Company's corporate website address is www.paragmilkfoods.com which contains a dedicated section "Investors Tab" wherein the communication is available.
d. Whether it also displays official news releases	Yes
e. The presentations made to institutional investors or to analysts	Any presentation made to the institutional investors or/and analysts are submitted to the stock Exchanges and also posted on the Company's website

11. GENERAL SHAREHOLDER INFORMATION**x. Annual General Meeting**

Day, Date and Time of the AGM: Friday, September 30, 2022 at 4.30 P.M. (IST).

Venue of the AGM: Video Conferencing (VC) / Other Audio Visual Means (OAVM) pursuant to the MCA Circular dated May 5, 2020 read with general circulars dated April 8, 2020, April 13, 2020, January 13, 2021, December 14, 2021 & May 5, 2022 as such there is no requirement to have a venue for the AGM.

Deemed Venue for Meeting: Registered Office of the Company

For details, please refer to the notice of the current AGM.

ix. Postal Ballot

No Special Resolution was passed last year through Postal Ballot

During the year, no postal ballot was conducted by the Company.

As at March 31, 2022, no Special Resolution was conducted through Postal Ballot.

Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

xi. Financial Year: April 01, 2021 to March 31, 2022

xii. Record date/Cut off date: Friday, September 23, 2022 for the purpose of Annual General Meeting. (As mentioned in the Notice of this AGM) Book Closure from September 24, 2022 till September 30, 2022

xiii. Dividend Payment Date: There is no dividend recommended by the directors for the Financial Year 2021-22.

xiv. Listing of Stock Exchanges:

The Company's Equity Shares are listed on the BSE Limited and the National Stock Exchange of India Limited.

BSE Limited ("BSE")	National Stock Exchange of India Limited ("NSE")
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai - 400 051

The annual listing fees of the BSE and the NSE for the financial year 2021-22 have been paid.

xv. Corporate Identification Number (CIN) of the Company:

L15204PN1992PLC070209

xvi. Stock Code:

Stock Exchange	Code
BSE	539889
NSE	PARAGMILK

The ISIN of Parag Milk Foods Limited on both NSDL and CDSL is INE883N01014

xix. In Case the Securities are Suspended from Trading, the Directors Report shall Explain the Reason Thereof

NOT APPLICABLE

xx. Registrar and Share Transfer Agents

The Registrar and Share Transfer Agent ("RTA") of the Company M/s. KFin Technologies Limited ("Kfintech") shall continue to act as the Registrar and Share Transfer Agent of the Company.

KFin Technologies Limited ("Kfintech"), Registrar & Share Transfer Agents (R&TA) of the Company is responsible for handling the entire share registry work, both physical and electronic shares. Accordingly, all documents, transfer deeds, demat requests and other communications in relation thereto should be addressed to the R&TA at the following office

KFin Technologies Limited

Unit: Parag Milk Foods Limited
Selenium Building, Tower B, Plotnumber 31 & 32,
Financial District, Nanakramguda,
Serilingampally
Hyderabad, Rangareddi - 500 032
Email ID: mohsin.mohtd@kfintech.com
Phone: +91 40 67161562 / 67161583
Website: www.kfintech.com

A. Share Transfer System

SEBI has mandated that w.e.f. 1st April, 2019, shares shall be transferred only in demat form. The request for share transfer in physical form received upto 31st March, 2019 were processed by RTA in accordance with SEBI circulars in this regard and the share certificates were returned within the stipulated period, if the documents were accurate in all respects. No fresh requests for transfer of shares in physical form can now be lodged by the shareholders.

The requests for transmission or transposition of securities held in physical form are registered and returned within a period of 15 days from the date of receipt in case the documents are complete in all respects for dematerialisation of shares and confirmation thereof is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.

The same are placed for consideration of the Stakeholders' Relationship Committee. Further, particulars of movement of shares in the dematerialized form are also placed before the Stakeholders' Relationship Committee.

xvii. Market Price Data

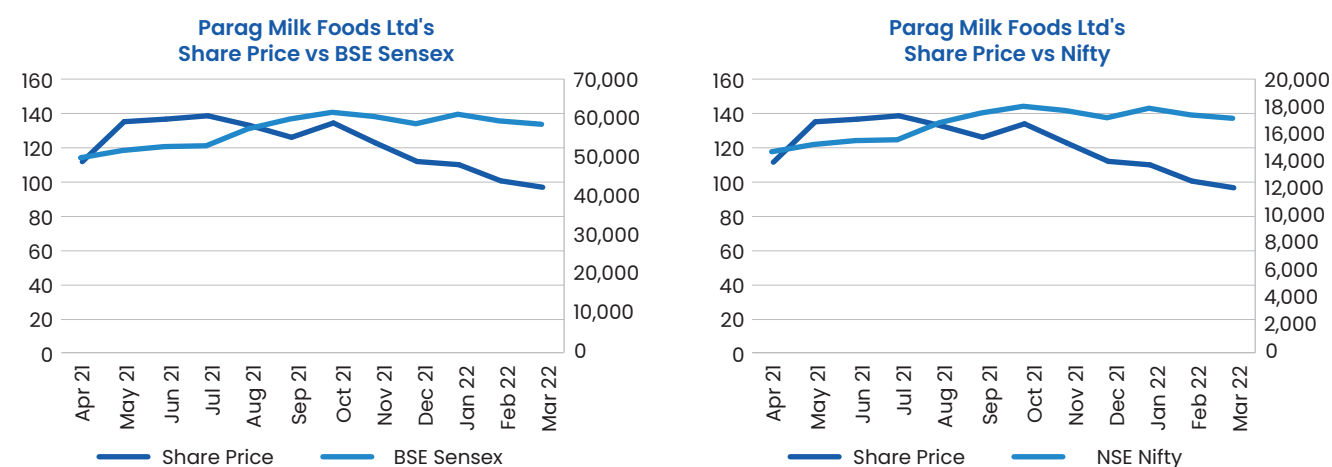
The details of monthly high/low market price of the Equity shares of the Company at BSE Ltd (BSE) and at the National Stock Exchange of India Ltd (NSE) for the year under review is provided here under:

BSE – FY 2021-22				NSE – FY 2021-22		
Month	High	Low	Close	High	Low	Closing
Apr-21	121.00	115.40	111.40	121.25	102.00	111.70
May-21	157.60	146.10	135.05	157.80	111.05	135.10
Jun-21	150.55	143.15	136.55	150.50	133.05	136.60
Jul-21	148.45	142.00	138.55	148.60	130.50	138.55
Aug-21	141.50	136.00	132.75	142.00	112.05	132.90
Sep-21	139.95	133.00	126.00	140.00	120.75	125.95
Oct-21	149.60	140.25	133.85	149.70	125.00	134.35
Nov-21	159.85	150.35	122.75	159.90	121.15	122.75
Dec-21	125.60	120.90	111.90	126.10	102.10	111.80
Jan-22	125.55	122.20	109.85	125.45	109.50	109.95
Feb-22	119.00	114.10	100.35	119.20	95.10	100.50
Mar-22	105.80	101.55	96.45	105.75	95.00	96.75

Source: BSE and NSE Websites

xviii. 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:

**B. Shareholding Pattern as on March 31, 2022:****d. Distribution of equity shareholding as on March 31, 2022**

The broad shareholding distribution of the Company as on March 31, 2022 with respect to size of holdings was as follows:

SR. No	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	64360	98.95	14595735	15.30
2	5001 - 10000	359	0.55	2702313	2.83
3	10001 - 20000	154	0.24	2168906	2.27
4	20001 - 30000	52	0.08	1266020	1.33
5	30001 - 40000	16	0.02	556571	0.58
6	40001 - 50000	23	0.04	1083510	1.14
7	50001 - 100000	34	0.05	2576777	2.70
8	100001 and above	46	0.07	70426009	73.84
	TOTAL:	65044	100.00	95375841	100.00

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

e. Categories of Equity Shareholding as on March 31, 2022

The shareholding pattern of the Company as on March 31, 2022 with respect to categories of investors was as follows:

Category of Shareholder(s)	No. of Shareholders	No. of Shares	% of No. of Shares
(A) Shareholding of Promoter and Promoter Group			
(a) Individuals	10	3,88,61,435	40.75
(b) Bodies Corporate			
Total Shareholding of Promoter and Promoter Group (A)	10	3,88,61,435	40.75
(B) Public Shareholding			
(1) Institutions			
(a) Mutual Funds	0	0	0.00
(b) Banks/FI	0	0	0.00
(c) Venture Capital Funds	1	3133534	3.29
(d) Foreign Portfolio Investors	24	4260655	4.47
(e) Alternative Investment Funds (Sixth Sense India Opportunities II & III)	3	4511363	4.73
(e) Other Foreign Investors (Overseas Corporate Bodies – IFC)	1	6756756	7.08
(f) Any others	0	0	0
Sub-Total (B)(1)	29	18662308	19.57
(2) Non-Institutions			
(a) Bodies Corporate	303	6997454	7.34
(b) Individuals			
(i) Individual shareholders holding nominal share capital upto INR 2 lakh	63553	17686427	18.54
(ii) Individual shareholders holding nominal share capital in excess of INR 2 lakh	94	11053267	11.59
(c) Non Resident Indian (NRI)	694	1161747	1.22
(d) Clearing Members	59	456061	0.48
(e) Non Resident Indian Non Repatriable	299	319627	0.34
NBFC Registered with RBI	1	500	0
Trusts	1	1000	0
Sub-Total (B)(2)	65004	37676083	39.5
Total Public Shareholding (B)=(B)(1)+(B)(2)	65033	56338391	59.07
(C) Non Promoter – Non Public Shareholder			
(a) Custodian / DR Holder	-	-	-
(b) Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)	1	176,015	0.18
Total Shareholding of Non Promoter Non Public (C)	1	176,015	0.18
Total (A)+(B)+(C)	65044	95375841	100

f. Top ten equity shareholders of the Company as on March 31, 2022

SR. No	Name of Shareholder	Total Shares	% of Holding
1	DEVENDRA PRAKASH SHAH	15206400	15.94
2	PRITAM PRAKASH SHAH	9159888	9.60
3	NETRA PRITAM SHAH	8867027	9.30
4	INTERNATIONAL FINANCE CORPORATION	6756756	7.08
5	POOJAN DEVENDRA SHAH	3295000	3.45
6	IDFC TRUSTEE CO. LTD A/C IDFC INFRASTRUCTURE FUND	3133534	3.29
7	SIXTH SENSE INDIA OPPORTUNITIES III	2702702	2.83
8	INDIA INSIGHT VALUE FUND	2328000	2.44
9	PRITI DEVENDRA SHAH	2222820	2.33
10	MUKUL MAHAVIR AGRAWAL	2000000	2.10

C. Dematerialisation of Shares and Liquidity

The Company's shares are dematerialised, and shares are with both the depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2022, except eight (8) shares held by two shareholders in physical form, all other shares are held in dematerialised form only.

Members who still hold share certificates in physical form are advised to dematerialize their shareholding to avail of numerous benefits of dematerialization, which include easy liquidity, ease of trading and transfer, and elimination of any possibility of loss of documents and bad deliveries.

D. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity:

The Company has not issued any GDRs/ ADRs that are outstanding during the relevant financial year.

However, the Company has issued & allotted 1,00,00,000 convertible warrants at a price of INR 111/- (including a premium of INR 101/-) to the promoter & Promoter group, entitling them for subscription of an equivalent number of equity shares of INR 10/- each at INR 111/- each (including premium of INR 101/- per share) during the month of May 2021.

Also in the month of May, 2021 the Company has issued and allotted 10,680 Foreign

Currency Convertible Bonds (FCCBs) (unlisted, unsecured, unrated) of face value of \$ 1000 each allotted to International Finance Corporation (IFC) for an amount aggregating to US \$10,680,000/- (Dollars Ten Million Six Hundred and Eighty Thousand) with the conversion of the FCCBs at the option of IFC, the conversion price for the equity shares to be issued upon conversion of the FCCBs is INR 145 (Rupees One Hundred and Forty Five) per share which is subject to adjustments in accordance with the terms agreed between the parties, and applicable law. Also, FCCBs shall be redeemed if not fully converted on the date that is 5 years plus one day from the date of subscription.

Additionally, during May 2021, the Company has allotted 1,500 (One Thousand Five Hundred) Unlisted, Secured, Redeemable, Non-Convertible Debentures (NCDs) having Face Value of INR 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating to INR 150,00,00,000/- (Rupees One Hundred Fifty Crores Only) on Private Placement basis to International Finance Corporation (IFC).

E. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities;

The Company does not deal in any commodities. The Company does not carry out any hedging activities for the same.

The Company does have forex transactions carried out but does not have any hedging activities.

F. Plant Locations

The Company has the following manufacturing and operating Divisions:

SR. No	Plant	Locations
1.	Plant 1	Manchar Plant: Awasari Phata, Post Manchar, Tal. Ambegoan Dist. Pune Maharashtra
2.	Plant 2	Palamaner Plant; 149/1, Samudra Palli (Village), Pengaragunta (P.O.), Palamaner (Mdl), Chittoor (Dist.), A.P. - 517 408
3.	Plant 3	Sonipat Plant: Plot No. 2266-2268, Food Park, Phase-2, HSIIDC Industrial Estate-Rai, Sonipat, Haryana - 131 029

G. Address for Correspondence / Investor Correspondence

- All Members correspondence should be forwarded to M/s. KFin Technologies Limited, the Registrar and Transfer Agent of the Company or to the Investor Relations team at the Corporate Office of the Company at the addresses mentioned below.
- The Company's dedicated e-mail address for Investors' Complaints and other communications is investors@parag.com
- SEBI vide its circular dated 26th March, 2018 issued new policy measures w.r.t. SEBI Complaints Redress System (SCORES). As per the new process, SEBI has requested the Members to approach the Company directly at the first instance for their grievances. Details of personnel to be approached in case of grievance are as follows:

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) Unit : Parag Milk Foods Limited Selenium Building, Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi - 500 032 Email ID: mohsin.mohd@kfintech.com Phone: +91 40 67161562 / 67161583 Website: www.kfintech.com	Compliance Officer Ms. Rachana Sangneria Company Secretary & Compliance Officer E-mail: cs@parag.com Phone: (022) 62805555	Investor Relations Ms. Sangeeta Tripathi Senior Manager - Investor Relations investors@parag.com Phone: (022) 43005555
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H. Credit Rating as on March 31, 2022

The Company has been rated by the Credit Rating Agency, ICRA Limited by reaffirming the credit rating for INR 413.31 crore Bank Facilities availed by the Company. The ratings have been removed from Watch with Developing Implications and Stable outlook has been assigned as [ICRA] A/Stable (Long Term facilities) / A2+ (Short Term facilities).

Further during the FY 2021-22, the company has obtained credit rating from ICRA Limited for the NCD programme of INR150 core for which [ICRA] A/ Stable rating has been assigned

Following announcement of material event of fund raising plans by the Company, The detailed report(s) of credit Rating obtained by the Company can be accessed at www.paragmilkfoods.com.

12. OTHER DISCLOSURES

1.	Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.	NIL
2.	Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange (s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;	There was no non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

3.	Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee	The Company has provided opportunities to encourage employees to become whistle blowers. It has also ensured a mechanism within the same framework to protect them from any kind of harm and the details are available at the Company's website, www.paragmilkfoods.com No personnel have been denied access to the Audit Committee. No Complaints have been received by the Audit Committee from any employee of the Company.
4.	Details of compliance with mandatory requirements and adoption of Non-mandatory requirements	The company has disclosed and complied with all the mandatory requirements under LODR Regulations with regard to Corporate Governance, and the details of these compliances have been given in the relevant sections of this report and adoption of non-mandatory requirements is given in point 13 below.
5.	Web link where policy for determining material' subsidiaries is disclosed	The policy for determining 'material subsidiaries' is disclosed on company's website at www.paragmilkfoods.com/investors/corporategovernance/policies
6.	Web link where policy on dealing with related party is disclosed	The policy for dealing with Related Party transactions is disclosed at company's website www.paragmilkfoods.com/investors/corporategovernance/policies
7.	Disclosure of commodity price risks and commodity hedging activities	Not applicable, as the Company is not dealing with any "commodities"
8.	Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)	During the year, the Company has raised funds through preferential allotment viz the Company has issued and allotted Equity shares on preferential allotment basis in the following manner: 1. The Company issued and allotted 67,56,756 equity shares of FV of INR10/- each at a price of INR111/- per share, for a total consideration of INR 74,99,99,916/- to International Finance Corporation (Investor). 2. The Company issued and allotted 18,01,801 equity shares of FV of INR10/- each at a price of INR111/- per share, for a total consideration of INR 19,99,99,911/- to Sixth Sense India Opportunities II (Investor). 3. The Company issued and allotted 27,02,702 equity shares of FV of INR10/- each at a price of INR111/- per share, for a total consideration of INR 29,99,99,922/- to Sixth Sense India Opportunities III (Investor).

	<p>Additionally, the Company has issued 1,00,00,000 convertible warrants on preferential basis at a price of INR111/- (including a premium of INR101/-) to the promoter & Promoter group, entitling them for subscription of an equivalent number of equity shares of INR 10/- each at INR 111/- each (Including premium of INR101/- per share) during the month of May 2021.</p> <p>The Company has issued and allotted 10,680 Foreign Currency Convertible Bonds (FCCBs) (unlisted, unsecured, unrated) on private placement basis of face value of \$ 1000 each allotted to International Finance Corporation (IFC) for an amount aggregating to US \$10,680,000/- (Dollars Ten Million Six Hundred and Eighty Thousand) with the conversion of the FCCBs at the option of IFC.</p>
9. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority	The Company has received a certificate from M/s. N. L. Bhatia & Associates, Practicing Company Secretaries confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.
10. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required the relevant financial year, the same to be disclosed along with reasons thereof:	During the year, there has been no occasion where the Board has not accepted any recommendation of any of the committees.
11. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part:	<p>The Audit Fees paid to M/s Sharp & Tannan the statutory auditors for FY 2021-22 are as follows:</p> <p>i. Parag Milk Foods Limited –</p> <p>Total Audit Fees – INR 3.5 Million</p> <p>Audit Fees – INR 2.5 Million</p> <p>Limited Review Fees – INR 1 Million</p> <p>ii Bhagyalaxmi Dairy Farms Pvt Ltd – INR 0.28 Million</p>
12. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	
i. Number of complaints filed during the financial year 2021-22:	NIL
ii. Number of complaints disposed of during the financial year 2021-22:	NIL
iii. Number of complaints pending as on end of the financial year 2021-22:	NIL
13. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above reasons thereof shall be disclosed	Our company is fully compliant with LODR Regulations and there are no such non-compliances. Not applicable, since all the requirements have been complied with.

13. Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above reasons thereof shall be disclosed	Our company is fully compliant with LODR Regulations and there are no such non-compliances. Not applicable, since all the requirements have been complied with.
14. The corporate governance report shall also disclose the extent to which the Discretionary requirements as specified in Part E of Schedule 11 have been adopted.	<p>i) The Board:</p> <p>The requirement relating to maintenance of office and reimbursement of expenses of Non – Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director.</p> <p>ii) Shareholder Rights:</p> <p>The Company has not adopted the practice of sending out half – yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to the Stock Exchanges and updated on the website of the Company</p> <p>iii) Modified Opinion(s) in Audit Report:</p> <p>There are no modified opinions in audit report.</p> <p>iv) Reporting of Internal Auditor</p> <p>In accordance with the provisions of Section 138 of the Act, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.</p>
15. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 (2) of Regulation shall be made in the section on corporate governance of the Annual Report.	The Company has complied with the requirements specified in regulation 17 to 27 and clauses (b) to (i) of Sub-regulation (2) of regulation 46 (2)

D. Declaration signed by the Managing Director stating that the members of the board of directors and the senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management is annexed to this report (CEO / CFO Certification).

E. Compliance certificate obtained from M/s. N. L. Bhatia & Associates, a firm of practicing company secretaries, regarding compliance of conditions of corporate governance, is annexed to this report.

F. Unclaimed Dividend:

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

is required to be transferred to the IEPF, maintained by the Central Government.

Pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares on which dividends remain unpaid or unclaimed for a period of seven consecutive years or more shall be transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs.

In terms of the provisions of IEPF Rules, no amounts of unpaid / unclaimed dividends and shares were required to be transferred during the financial year 2021-22 to the IEPF.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 15, 2021 (date of last AGM) on the Company's website at www.paragmilkfoods.com.

Following are the details of Dividends paid by the Company and their respective due dates of transfer to the IEPF if they remain unclaimed/unencashed by the shareholders:

FY	Date of Declaration of Dividend	Date of transfer to Unclaimed Dividend Account	7 years after transfer to Unclaimed Dividend Account
2020-21	15-09-2021	15-10-2021	14-10-2028
2019-20	29-09-2020	29-10-2020	28-10-2027
2018-19	30-09-2019	30-10-2019	29-10-2026
2017-18	19-09-2018	19-10-2018	18-10-2025

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

Disclosure with respect to demat suspense account / unclaimed suspense account

	Category (Shares)	No. of Shareholders	No. of Equity
a)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1 st April, 2022	0	0
b)	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	0	0
c)	Number of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year	0	0
d)	Number of shareholders whose unclaimed dividends were transferred to the IEPF account in terms of Ministry of Corporate Affairs General Circular No. 12/2017 dated 16 th October, 2017	0	0
e)	Aggregate number of shareholders and the outstanding Shares lying in the Unclaimed Suspense Account as on March 31, 2022	0	0
f)	It is hereby confirmed that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	N.A.	N.A.

For Parag Milk Foods Limited
sd/-

Devendra Shah
Chairman
(DIN: 01127319)

Date: August 13, 2022
Place: Mumbai

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 2021-22 has been obtained from all the Directors and Senior Managers.

Place : Mumbai
Date : April 30, 2022

sd/-
Mr. 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 Surendra Malaviya – Interim CFO of Parag Milk Foods Limited, to the best of our knowledge and belief, certify that:

- 1) We have reviewed the Financial Statements for the Financial Year ended March 31, 2022 and to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- 2) To the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended March 31, 2022 are fraudulent, illegal or violates the Company's code of conduct.
- 3) We accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and we have evaluated the Effectiveness of Internal Control Systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- 4) We have indicated to the auditors and the Audit Committee that:
 - a. There has not been any significant change in internal control over financial reporting during the year under reference;
 - b. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - c. We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Pritam Shah
Managing Director
DIN: 01127247

Surendra Malaviya
Interim Chief Financial Officer

Place: Mumbai
Date: June 30, 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
Parag Milk Foods Limited,
Flat No.1, Plot No.19,
Nav Rajasthan Soc., Behind Ratna Memorial Hospital,
S.B. Road, Shivaji Nagar
Pune – 411 016

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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.

Sr. No.	Name of Director	DIN	Date of appointment/re-appointment in Company
1.	Devendra Prakash Shah	01127319	29/12/1992
2.	Pritam Prakash Shah	01127247	29/12/1992
3.	Bharatkumar Mahendrabhai Vyas	00043804	22/07/2010
4.	Ramesh Chandak	00026581	24/06/2016
5.	Narendra Kumar Anand Ambwani	00236658	26/05/2015
6.	Radhika Dudhat	00016712	26/05/2015
7.	Nitin Ramchandra Dhavalikar	07239870	28/07/2015
8.	Nikhil Kishorechandra Vora	05014606	20/08/2021

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

Place: Mumbai
Date: August 13, 2022

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

Bhaskar Upadhyay
Partner
FCS: 8663
CP. No. 9625
UDIN: F008663D000793964

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Board of Directors,
Parag Milk Foods Limited

We have examined all the relevant records of Parag Milk Foods Limited ('the Company') for the purpose of certifying compliance of the conditions of Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period from April 01, 2021 to March 31, 2022. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

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

Place: Mumbai
Date: August 13, 2022

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

Bhaskar Upadhyay
Partner
FCS: 8663
CP. No. 9625
UDIN: F008663D000793964

BUSINESS RESPONSIBILITY REPORT

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

As a leading Indian player in dairy based food, nutrition and wellness sector, we have been raising the bar in Environment, Social and Governance (ESG) progress for the Indian Dairy and FMCG industry. We have been harnessing the best available technology, talent, social equity and our sense of trusteeship in view of millions of cattle and milk producing farmers working as our extended family.

We believe in partnering with & empowering our stakeholders as well as creating a culture of transparency and accountability. The Company perceives its responsibility to take the lead in sustainable development not only as a duty to the society but also as an opportunity to do well by doing good.

The worldwide unprecedented outbreak of Coronavirus disease - COVID-19 [declared as a pandemic by the World Health Organization (WHO)] has caused devastating effects on the economies and on millions of people across the world, including India. Thanks to the various efforts taken by the Central Government and State Governments across India and the support thereto rendered by all the sections of the society, including the community workers, medical service providers, corporates and public at large, India is being able to recover from the COVID outbreak in gradual course. The Company is also committed to stand in solidarity with the citizens and the Government of India and support their efforts by serving to the best of its capabilities to its customers, employees and communities.

The Company's Business Responsibility Report 2021-22 follows the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs (MCA), Government of India, in July 2011 which contains 9 Principles and Core Elements for each of the Principles. This report substantially complies with the National Guidelines on Responsible Business Conduct (NGRBC) released by MCA in 2019.

The Directors of Parag Milk Foods Limited ("the Company" or "our Company") hereby present the Business Responsibility Report ("BRR") of the Company for financial year ending March 31, 2022, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

This Business Responsibility Report of the Company also speaks about the Company's ESG approach which propels the business strategy to deliver our purpose of bringing joy to people's lives. This Report is divided into the following 5 (Five) sections, as per the format prescribed in SEBI Circular No. CIR/CFD/CMD/10/2015 dated November 4, 2015:

Section A General Information about the Company

Section B Financial Details of the Company

Section C Other Details

Section D Business Responsibility (BR) Information

Section E Principle-wise Performance

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Company Information
1.	Corporate Identification Number (CIN) of the Company	L15204PN1992PLC070209
2.	Name of the Company	Parag Milk Foods Limited
3.	Registered Address	Flat No. 1, Plot No. 19, Nav Rajasthan Society, behind Ratna Memorial Hospital, S.B. Road, Shivaji Nagar Pune Maharashtra 411 016
4.	Website	www.paragmilkfoods.com
5.	E-mail ID	investors@parag.com
6.	Financial Year reported	April 01, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code -wise) / Name and description of main products / services	Manufacture of dairy products [National Industrial Classification (NIC) Code: 1050]
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	1. Value Added Products (such as ghee, cheese, paneer, curd, buttermilk, lassi, gulab jamun mix, whey protein powders, etc.) 2. Liquid Milk, 3. Skimmed Milk Powder

Sr. No.	Particulars	Company Information
9.	Total number of locations where business activity is undertaken by the Company:	
	(a) Number of International Locations (Provide details of major 5)	Not Applicable
	(b) Number of National Locations	i. Three manufacturing facilities at Manchar (Maharashtra), Palamaner (Andhra Pradesh), and Sonipat (Haryana). ii. Registered office at Pune, Corporate offices in Mumbai, Pune and Delhi. iii. 23 Depots at various locations across India and PAN-India distribution network comprising of 3,000+ distributors and more than 3.5 Lakh retail touch points.
10.	Markets served by the Company - Local/ State/National/International	The Company sells its products across all states in India as well as exports its products to several countries around the world such as UAE, Singapore, Mauritius, Oman, Kuwait, Saudi Arabia, Congo, Hong Kong, Philippines, Sri Lanka, Bangladesh, Maldives, USA, Thailand, Nepal, Bhutan, Ghana, Malaysia, Qatar and supplies its products to a major Quick Service Restaurant (QSR) across Gulf Cooperation Council (GCC) countries

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Company Information
1.	Paid up Capital (INR):	INR 953.75 Million
2.	Total Turnover (INR):	INR 20,256.07 Million
3.	Total profit after taxes (INR):	INR (5,291.55) Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	As per Section 135 of the Companies Act, 2013 read with the rules made thereunder, the Company is required to spend at least 2% of average net profit of last 3 financial years i.e., INR 23.40 Million. The Company has spent INR 23.48 Million on CSR activities for FY 2021-22. The Company has spent in excess by INR 0.08 Million.
5.	List of activities in which expenditure in 4 above has been incurred:-	The details of CSR activities undertaken for FY 2021-2022 are provided in Annexure-III of the Directors' Report.

SECTION C: OTHER DETAILS

Sr. No.	Particulars	Company Information
1.	Does the Company have any Subsidiary Company / Companies?	Yes, the company has 1 wholly owned Subsidiary as on March 31, 2022.
2.	Does the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):	The subsidiary company being a separate legal entity defines its own initiatives specific to its business context as per rules and regulations as may be applicable to them whilst having access to information and expertise residing with the Parent Company.
3.	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]:	Other entities, do not directly participate in the Business Responsibility ("BR") initiatives of the Company.

SECTION D: BR INFORMATION**1. Details of Director/Directors responsible for BR****(a) Details of the Director/Director responsible for implementation of the BR policy/policies**

Corporate Policies including the Business Responsibility Policies of the Company are engrained in day-to-day business operations of the Company and are implemented by the management and it is the responsibility of concerned functionary or head of the department (HOD) in charge of the relevant functions at various offices / manufacturing facilities of the Company.

The Managing Director of the Company oversees the implementation of the BR policies keeping in view of the executives' feedback and reporting.

- DIN Number: 01127247
- Name: Pritam Prakash Shah
- Designation: Managing Director

(b) Details of the BR head:

Sr. No	Particulars	Details
1.	DIN Number (if applicable)	01127247
2.	Name	Pritam Prakash Shah
3.	Designation	Managing Director
4.	Telephone number	022 - 4300 5555
5.	E-mail ID	pritam.shah@parag.com

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

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

Principle 1 (P1)	ETHICS, TRANSPARENCY AND ACCOUNTABILITY
Principle 2 (P2)	PRODUCT LIFE CYCLE SUSTAINABILITY
Principle 3 (P3)	WELL-BEING OF ALL EMPLOYEES
Principle 4 (P4)	STAKEHOLDER ENGAGEMENT
Principle 5 (P5)	HUMAN RIGHTS
Principle 6 (P6)	ENVIRONMENT
Principle 7 (P7)	POLICY ADVOCACY
Principle 8 (P8)	INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT
Principle 9 (P9)	CUSTOMER VALUE CREATION

BR Policies and coverage of NVG Nine principles:

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for the above mentioned Principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in Consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. The spirit and intent of the Parag Code of Conduct and all applicable national laws are captured in the policies articulated by the Company. In addition, they reflect the purpose and intent of the United Nations Global Compact, and principles of NVGs, the Companies Act, 2013 and International Standards of ISO-22000, ISO-14001, ISO 50001, OHSAS 45001. The policies have been developed based on best practices and as per regulatory requirements and through appropriate consultation with relevant stakeholders.								
4.	Has the policy been approved by the Board?	Since all the policies are not required to be approved by the Board of Directors / Senior Management, the approval of the Board has been obtained wherever it is mandatory. Further, all the policies are subject to regular review (at least once a year) by Board / Committees of the Board / Senior Management of the Company.								
	If yes, has it been signed by MD/ owner/ CEO/appropriate Board Director?	Yes, however, all policies are not a mandatory requirement								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Company has Audit Committee, Internal Complaints Committee, Stakeholder Relationship Committee, Corporate Social Responsibility(CSR) Committee, Risk Management Committee and also adequate internal control systems to oversee the implementation of policies. The Company has set up various processes to monitor the effectiveness of these policies.								
6.	Indicate the link for the policy to be viewed online?	As per regulatory requirements the policies of the Company have been uploaded on the website of the Company except HR policies at https://www.paragmilkfoods.com/policies . HR policies are restricted to employees of the Company.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of these policies by an internal or external agency?	Yes, Wherever Appropriate. Policies are reviewed periodically for their implementation based on the commitment framework and all related risk controls are set in place. The working of all the policies is internally monitored. Audit / evaluation by external agencies is carried out wherever mandatory.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options): **Not Applicable****3. Governance related to BR**

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Board of Directors of the Company/ its Committees assess the various business responsibility initiatives undertaken by the Company at various Board and Committee Meetings which typically take place every year. The Company's business responsibility performance is reviewed by the Board of Directors on an annual basis.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the Company publishes Business Responsibility Report as a part of its Annual Report. This BRR Report is uploaded on the Company's website and the same can be viewed at the web link - <http://www.paragmilkfoods.com>

SECTION E: PRINCIPLE-WISE PERFORMANCE**PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY**

The Company, as a responsible corporate citizen pursues good Corporate Governance by ensuring regulatory compliance, transparency in disclosures, efficient operational practices, strong internal controls, risk management systems and by engaging and operating with fairness and integrity with all its stakeholders, namely, Shareholders, Customers, Employees, Suppliers, Regulatory Authorities and General Public. The Company is fully aware of its obligations to make appropriate and timely disclosures as mandated under various laws.

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

RESPONSE - The Company pursues good Corporate Governance by ensuring regulatory compliance, transparency in disclosures, efficient operational practices, strong internal controls, risk management systems, and by engaging and operating with fairness and integrity with all its stakeholders, namely, Shareholders, Customers, Employees, Suppliers, Regulatory Authorities and General Public.

At the Apex, the Board of Directors is headed by an Executive Chairman and having half of its composition as Independent Directors as on March 31, 2022. The Board provides guidance and support to the Management in terms of Board Strategy, Direction, Governance and Compliance. The Company's Board of Directors has the required mandatory as well as non-mandatory committees.

These Committees have clearly defined areas of operation and they operate as empowered by the Board. These Committees monitor and

provide direction to the senior leadership team. This ensures greater focus on specific aspects of Corporate Governance and expeditious resolution of issues of governance if and when they arise.

A Whistle Blower Policy has also been put in place by the Company. The purpose of this Policy is to allow employees and Directors of the Company to approach the Chairman of the Audit Committee of the Company for reporting unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct and SEBI Insider Trading Regulations. The Policy provides adequate safeguards against victimization of persons who use Whistle Blower Mechanism and make provision for direct access to the Chairman of the Audit Committee, in appropriate or exceptional cases.

The Company has no tolerance in matters relating to unethical practices, bribery or corruption.

The Company encourages its business partners, viz., suppliers, distributors, contractors, etc. to follow ethics, transparency and accountability in their dealings with the Company.

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

RESPONSE - The Corporate Governance Report forming part of this Annual Report includes the details pertaining to complaints received from the investors and those resolved satisfactorily by the Company during the financial year.

There were no complaints received by the Company from stakeholders during the financial year pertaining to bribery, corruption, Child labour, forced or compulsory labour. Furthermore, respective functional heads of the Company deal with views or grievances from other stakeholders.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

Consumers increasingly prefer responsible brands and businesses. We sell 100% cow's milk products that are healthy and nutritious. Our integrated business model and strong R&D capabilities have helped us emerge as the leader in innovation. As part of the vision, the Company aspires to develop products which consume fewer resources (energy, water), emit fewer greenhouse gases and include recyclable, renewable and/or natural ingredients to the maximum possible extent, through extensive research. As innovation is our strength, we continue to introduce products across price points catering to all strata of consumers providing them with healthy, nutritious and quality dairy products.

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

RESPONSE – Environment, health and safety continue to be key focus areas and the Company strives to reduce its environmental impact through various initiatives in the field of Energy Efficiency and Conservation.

As a dairy business leader, the Company's continuous endeavour is to address environmental and social concerns which is reflected in its business processes and products. Some such products created during FY 2021-22 have been listed below:

- Gowardhan Ghee
- Gowardhan Paneer
- Pride of Cows (Milk, Curd)

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

RESPONSE – The Company stays committed to making environmental sustainability a key part of its manufacturing processes. At the Company's factories, there is a relentless focus on productivity and environmental sustainability. To strengthen this approach, the Company has invested in a robust technology solution that has revolutionized the speed and accuracy of data monitoring and work towards achieving the targets. The Company is continuously working on energy efficiency and trying to get the best possible technology available in the market. The Company is moving from low efficiency to high efficient utility. Technologies implemented by the Company are not only energy efficient but also more reliable. This has helped the Company to reduce down time, enhance productivity and build a more sustainable business. **Annexure IV** to the Directors' Report included in this Annual Report includes additional details pertaining to conservation of energy, technology absorption, etc.

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

RESPONSE – The Company recognizes the fact that over-consumption results in unsustainable exploitation of the planet's resources, and therefore, it is necessary to promote sustainable consumption of resources, including recycling of resources.

Predominant portion of the Company's raw material is raw milk, which is procured from over two lakh farmers and is therefore 100% sustainable sourcing.

The Company upholds a healthy relationship with its suppliers, vendors and other service providers and the business practices of the Company include them in its growth strategy. The Company endeavours to integrate social, ethical and environmental factors in its operating / strategic decisions across its entire supply chain. Moreover, the Company strives to reduce the distance travelled overall by its products, thereby reducing emissions on account of transportation.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

RESPONSE – The procurement policy of the Company propels around sourcing its milk requirement, which is a substantial part of its raw materials, from farmers in the local vicinity of its manufacturing units. In the process of collecting milk and implementing the Company's products successfully, the Company ensures a stable livelihood for local dairy farmers. The Company supports the development of farmers by assisting them to improve milk productivity and quality through technical assistance, providing veterinary services, medicines and promotion of sustainable practices for improving the productivity and yield of their cows and cattle. During the challenging time of COVID-19, the Company continued to procure milk which was offered for sale by dairy farmers even during lockdown, avoiding rejecting even one drop of milk brought at the door steps.

The Company recognizes that in order to function effectively and profitably, the Company needs to endeavour to improve the quality of life of people who are associated throughout its value chain including the farmers in the local vicinity of the manufacturing facilities of the Company. In order to improve the capacity and capability of local and small vendors, the Company also

obtains various services from them which includes repairing and maintenance of plant and machineries, factory buildings, etc thereby generating source of living and supporting the local community.

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

RESPONSE – As a responsible manufacturer of milk products, the Company has initiated post-consumer waste management projects with waste management service providers as a part of Extended Producer Responsibility (EPR) to collect, segregate and recycle/recover waste in a sustainable way. This initiative not only ensures compliance with "Plastic Waste Management Rules 2016", as amended, but also facilitates reinforcement of positive attitude and behaviour towards responsible waste disposal through consumer awareness.

Milk being most susceptible to contamination, it is very essential that it has to be moved to the chilling center within hours of procurement to avoid spoilage of resource. The Company focuses on direct milk procurement from farmers and has state of the art logistics infrastructure to transport milk to nearest chilling center. Parag has crafted extensive strategies to ensure that sustainable methods are being put in place in the procurement process, that the fresh milk from farmers reaches the hands of millions of people within quick turnaround time (TAT). Considering these efforts, milk procurement is done in a sustainable way which contributes to around 50% of overall procurement.

Since we are dairy based company, our products are of perishable nature (consumption base) they are not meant to be recycled. However, during our production process, we recycle effluent water used in our production facilities to the extent of 10% which is used for washing milk storage tankers and crates.

Plastics (including packaging)

The rejected plastic packaging material by our Quality Control is sent to Pollution Control Board ("PCB") authorised recyclers in compliance with Plastic Waste Management Rules, 2011.

E-waste

Disposing off Electronic Waste to Authorised IT Dismantling, Refurbishing & Servicing Facility after using (up to maximum period) the said electronic items is implemented duly by the Company.

Hazardous waste and other waste

Segregating the generated waste in to three separate Streams Namely Bio-Degradable, Non Bio-degradable and Hazardous Wastes. Storing and disposing the same as per norms prescribed by Central Pollution Control Board ("CPCB") and State Pollution Control Board ("SPCB").

The Company follows 3R's principles i.e. 'Reduce', 'Recycle' and Recover to be environmentally sustainable.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES.

The Company views employees as key stakeholders. The Company has amicable employee relations at all locations and would like to place on record its sincere appreciation for the unstinted support it continues to receive from all its employees.

The Company constantly makes concerted efforts towards creating, learning and development of opportunities on a non-discriminatory basis, that continually enhance employee value in line with organizational objectives. The employee policies in the Company are designed to provide an inclusive environment that engages all employees and inspires them to grow. It provides the work environment that promotes well-being of its employees while giving them various opportunities to grow.

Alongside its responsibility to provide a safe and hazard-free working environment for its employees, the Company also recognises the importance of employee well-being. Helping employees to achieve work-life balance, creating comfortable efficient workplaces, offering performance-based remuneration and driving engagement through frequent communication are practices that we embrace as a responsible employer to help workers re-energise and continue to perform well.

1. Please indicate the Total number of employees.

RESPONSE – The Company has 1572 permanent employees (excluding subsidiary employees) as on March 31, 2022.

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

RESPONSE – The Company has a total of about 519 employees/workers hired on temporary/contractual/ casual basis as on March 31, 2022.

3. Please indicate the Number of permanent women employees.

RESPONSE – The Company has 90 permanent women employees as on March 31, 2022.

The Company maintains a gender inclusive environment and believes in equal opportunities for all at workplace keeping aside the gender bias.

4. Please indicate the Number of permanent employees with disabilities

RESPONSE - Being an equal opportunity employer company, we encourage employees to disclose their disabilities and seek reasonable accommodation allowing them to perform to their full potential.

The number of employees who have voluntarily disclosed their disability status and the nature of disability stands at 9 as on March 31, 2022.

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

RESPONSE - Yes, an employee association at Manchar Plant is recognized by the management of the Company

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

RESPONSE - 10.05% of the permanent employees are members of the recognized employee association.

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

RESPONSE - The Company has a Prevention of Sexual Harassment (POSH) policy in accordance with the statutory requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All sexual harassment complaints are diligently reviewed and investigated by an internal complaints committee constituted under the Prevention of Sexual Harassment policy.

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

8. What percentage of your above mentioned employees were given safety & skill upgradation training in the last year?

RESPONSE -

(a) Permanent Employees	100%
(b) Permanent Women Employees	100%
(c) Casual/Temporary/ Contractual Employees	100%
(d) Employees with Disabilities	100%

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

The Company fosters working partnerships, builds trust through productive relationships and views internal and external stakeholders as integral to its business as effective stakeholder engagement process is necessary to achieve its sustainable goal of inclusive growth.

1. Has the company mapped its internal and external stakeholders?

RESPONSE - Yes, as a result of regular and extensive stakeholder engagement over many years, the Company's business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability. The Company builds trust through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.

The stakeholder engagement process consists of a variety of activities from stakeholder identification, consultation, prioritization, collaboration and reporting. The identification of all relevant stakeholders and understanding their expectations is of high concern for the Company in its quest to be sustainable. The Company identifies key stakeholders on the basis of their influence on the Company's operations and the Company's impact on them. The Company has already identified and prioritized key stakeholders and continues its engagement with them through various mechanisms such as consultations with local communities, supplier / vendor meets, customer / employee satisfaction surveys, investor forums, etc. The Company is working in partnership with the government and local village communities. This approach helps the Company to distribute accountability and ensure long-term impact of its community development initiatives.

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

RESPONSE - The Company engages with communities surrounding its operating facilities especially with milk farmers, among others, through farmer trainings to increase efficiency in productivity and quality, optimise costs and improve social and environmental impact thereby ensuring the surrounding of its operating facilities remains an attractive place to live, work and invest in, for generations to come.

The disadvantaged, vulnerable and marginalised segments of society remain the focus area of the Company's CSR activities. The details on Company's CSR activities are elaborated in Corporate Social Responsibility Report under **Annexure - III** forming part of the Board's Report.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

RESPONSE - The disadvantaged, vulnerable and marginalised segments of society remain the focus area of the Company's CSR activities.

During the 2nd and 3rd waves of Covid-19 pandemic, we continued to work on the following areas:

- Food & Water facilities including providing three nutritious meals to Covid Patients and Hospital staff on daily basis
- Sanitization and providing health kit to Corona Warriors on a consistent basis
- In conjunction with state government, developed the JUMBO Covid hospital to provide necessary medical support for local residents
- Education
- Animal Welfare

Further details on the Company's CSR activities are elaborated in the Corporate Social Responsibility Report under **Annexure - III** forming part of the Board's Report.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

The Company strongly believes in the principle of respect for human rights of all, which imbibes its spirit from the Constitution of India. The Company has in place, a Human Rights Policy which demonstrates the Company's commitment to respect human rights and treat people with dignity and respect in the course of conduct of its business.

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

RESPONSE - Company's Code of Conduct covers aspects like diversity, anti-discrimination, equal opportunity, compliance with the law and integrity which all contribute to respecting and promoting human rights. The Company also has policies like Whistle Blower Policy, Policy on Prevention of Sexual Harassment at Workplace, which encourage respect and promotion of human rights. Any violation of the Code of Conduct or the aforesaid policies can result in stern disciplinary action including termination of employment and / or other appropriate actions as permissible under the law.

POSH Policy

We have zero tolerance for sexual harassment in the workplace and have adopted a policy to ensure the prevention, prohibition, and redressal of sexual harassment. This policy aims to provide protection to employees in the workplace and redress complaints of sexual harassment and any connected or incidental matters, with the objective of providing a safe and secure working environment. We have conducted communication and awareness sessions across our operations through external subject matter experts. We have also formed an Internal Complaints Committee ("ICC") to inquire into complaints of sexual harassment and recommend appropriate action.

Freedom of association and collective bargaining

We recognise the right of our employees to join associations or involve themselves in civic or public affairs in their personal capacities, provided that such activities do not create an actual or potential conflict with the interests of our Company.

Child and forced labour

Our Company strictly prohibits child labour. We do not tolerate forced labour of any form in our operations, and we encourage our suppliers, vendors, contractors, and other business partners to adhere to these same ideals.

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

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

PRINCIPLE 6: BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

The Company is deeply committed to strengthening its efforts to make environmental sustainability a key part of its manufacturing processes. By reducing its energy needs, managing its waste, and transforming its products, the Company is driving success both for its business and the planet. From sourcing of raw materials to the manufacturing technologies that the Company uses at its plants, the Company is integrating sustainability into the very core of its business processes and value chain.

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

RESPONSE – Yes, the Company's policy is extended to the entire group and its subsidiaries follow and adopt the practices/policies of the Company. The Company ensures that it is implemented at all these levels and the Suppliers / Contractors / NGOs dealing with the Company are also encouraged to maintain ethical standards in all their practices.

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

RESPONSE – The challenge posed by climate change is serious and growing. We take a holistic approach in managing our impact on the environment – joining the dots between climate and related issues including water stewardship, biodiversity and human rights.

As we are a dairy based company, our products are of perishable nature and are not meant to be recycled. However, during our production process, we recycle effluent water used in our production facilities to the extent of 10% which is used for washing milk storage tankers and crates. We have an anaerobic method of treating Effluent, by which we get methane gas for captive use in our canteen for cooking.

The Company focuses on 5 (Five) major areas related to environmental sustainability:

- i. Reduce specific energy
- ii. Become Water Positive
- iii. Increase renewable energy usage
- iv. Become carbon neutral
- v. Ensure zero waste to landfill

The Company is deeply committed to strengthening its approach to make environmental sustainability a key part of its manufacturing process. By reducing its energy needs, managing its waste, and transforming its

products, the Company is driving success both for its business and the planet.

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

RESPONSE – Maximum care is being taken by the Company to avoid hazard or any waste generation while designing process flows. Process flow has been analysed in Human Safety, Food Safety and Environment Safety aspects before implementation. Wastes which are generated in unavoidable circumstances are handled as per CPCB/ SPCB norms.

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

RESPONSE – Although the Company registered any projects under the Clean Development Mechanism, the Company additionally adheres to all rules, regulations, standards framed by Central Pollution Control Board and State Pollution Control Board of respective states where the Company's manufacturing facilities are located. Internal auditor appointed by the Company carries out audit of Compliances of these rules, regulations and standards.

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

RESPONSE – The 850 KW Bio gas Engine for self-sufficient electricity generation has been commissioned by the Company at its Manchar Plant. We also have Bio-gas generation process installed at the farm of our wholly-owned subsidiary, Bhagyalaxmi Dairy Farm Pvt. Ltd. **Annexure IV** to the Directors' Report included in the Annual Report includes additional details pertaining to conservation of energy, technology absorption, etc.

This Annual Report is also placed on the website of the Company under the following link: <https://www.paragmilkfoods.com/investors.php>.

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

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

We comply with all applicable environmental legislations in the locations we operate from. All parameters as defined by CPCB or SPCBs are monitored, tracked and maintained within norms.

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

RESPONSE – The Company had received five notices from SPCBs during the year under review, out of which two notices were in process of reply as on March 31, 2022.

PRINCIPLE 7: BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

For any policy advocacy, the Company ensures that it does so with the highest degree of responsible and ethical behaviour and also works with collective platforms such as trade and industry chambers and associations to take up matters with the relevant government bodies. The Company's approach to deal with the institutions engaged in public advocacy is guided by the principles of Code of Business Conduct i.e. honesty, transparency, integrity and accountability.

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

RESPONSE – Yes, the Company is the Member of various trade and industrial associations including:

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

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

RESPONSE – Your Company engages with government, regulatory authorities and relevant public bodies for the development of public policies in keeping with the Company's business and its work in society, sustainability and compliance commitments. These include Food Regulations, Environment, Plastic Packaging and Waste Management, among others. Your Company engages with Government and Food Authorities to establish science-based regulations for protecting the health of consumers and development of other best practices in areas of food processing.

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

The Company recognizes the fact that corporate growth and equitable development are interdependent and that the Company owes a responsibility to play its role in the social and economic development agenda of the country. The Company supports the principle of inclusive growth and equitable development through its Corporate Social Responsibility initiatives and also through its core business.

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

RESPONSE – The Company strongly believes that it is accountable to the communities while the Company continues to drive shareholder value. This helps the Company to improve the lives of those at the base of the pyramid, preserve and protect the environment, improve efficiency of operations and generate innovations. The Company addresses a critical need of enhancing livelihoods of low-income group youth, marginal farmers from low-income communities. The focus of these programmes is to improve the earning potential of trainees, by building their skills and empowering them. The Company builds vocational skills and also provides post-training support. The details on the Company's CSR activities included in the Corporate Social Responsibility Report under **Annexure - III** forming part of the Board's Report.

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

RESPONSE – Provided in **Annexure III** to Directors Report.

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

RESPONSE – Detailed update on the CSR activities undertaken by the Company is periodically placed before the meetings of the CSR Committee and Board of Directors of the Company. These are also supplemented by voluntary impact assessment done for the Company's key societal projects.

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

RESPONSE – The Company has spent INR 23.48 Million as part of its CSR initiatives for FY 2021-22. Details of the projects are provided in **Annexure-III - CSR Report** forming part of Board's Report.

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

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

During the 2nd and 3rd waves of Covid-19 pandemic, we continued to work on the following areas:

- Food & Water facilities including providing three nutritious meals to Covid Patients and Hospital staff on daily basis
- Sanitization and providing health kit to Corona Warriors on a consistent basis
- In - conjunction with state government, developed the JUMBO Covid hospital to provide necessary medical support for local residents
- Education
- Animal Welfare

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

The Company has a customer-centric approach and greatly values the trust, satisfaction and loyalty of its customers. Its primary focus is delighting customers, both external and internal.

The Company honors the freedom of choice of its customers and does not restrict free competition in any manner, whatsoever.

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

RESPONSE – Our Company has a robust customer complaint management system that facilitates our processes for registering complaints, tracking issues, and resolving grievances to the customer's satisfaction.

There were no customer complaints pending beyond the turnaround time as at the end of the Financial Year 2021-22.

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

RESPONSE – Yes, over and above compliance with applicable product packaging and labelling requirements including declaration of appropriate method of preparation of products for safe and proper consumption, the Company provides transparent and easy to understand nutritional information that guides the consumer in making the right food choices.

The Company does not indulge in any kind of misleading or confusing advertisement.

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

RESPONSE – The Company does not have any stakeholder complaints with regard to unethical or unfair trade practices, irresponsible advertising and/or anticompetitive behaviour, which are pending as on March 31, 2022.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

RESPONSE – Yes, the Company regularly conducts customer surveys to know the customer satisfaction trends. As part of the consumer complaint handling process, the Company carries out consumer satisfaction survey against certain defined attributes. Engagement mechanisms include brand track, customer meets, customer satisfaction feedback and surveys.

Results are shared with the stakeholders for necessary action to improve the process.

INDEPENDENT AUDITOR'S REPORT

To the Members of Parag Milk Foods Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Parag Milk Foods Limited** (the 'Company'), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the 'ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the

Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 50 to the standalone financial statements which states the management's evaluation of the financial impact on the Company due to lockdown and other restrictions on account of covid-19 pandemic situation. Consequent to the assessment by the management, the inventories has been written-down by INR 5095.46 million. In addition to the above, the Company has concluded the negotiations with the milk aggregators and based on the Price Settlement Agreement with them, has adjusted the advances amounting to INR 1179.84 million.

We draw attention to Note 48(vii) to the standalone financial statements relating to the search carried out under Section 132 of the Income Tax Act, 1961 in the month of November, 2021 concerning the Company and its subsidiary at certain premises/locations. The Company has received a 'Panchanama' dated November 27, 2021. As explained to us, other than the above, there was no communication received from the Income Tax Department, till the date of reporting.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	How our audit addressed the key audit matters
1.	Inventory (Refer Note 9 to the standalone financial statements)	
	The value of inventory is a key audit matter due to involvement of high risk, basis the nature of the food industry wherein value per unit is relatively insignificant but high volumes are involved which are dispersed across different point of sales and warehouses.	Our audit procedures included and were not limited to the following: <ol style="list-style-type: none"> Evaluation of the design and testing of the implementation of internal controls relating to physical inventory counts on a test basis; Performance of test of controls over verification of documentary evidences of controls including the calculation of shrinkages.

Sr. No.	Key Audit Matters	How our audit addressed the key audit matters
		iii. Performance of test of details through sample selection of stores as part of the inventory verification program, including verification of inventory from floor to documentary evidence and vice versa and verification of shrinkage
2.	Valuation and existence of inventory (Refer Note 9 to the standalone financial statements)	
	Our audit procedures on the valuation and existence of inventories consisted mainly of the following: The inventories of the Company amounted to INR 4,681.54 million. Our audit of inventories was focused around the risk that there would be a material misstatement relating to the existence of inventories and that the valuation of inventories which involves judgement of the management. According to the standalone financial statements' accounting principles inventories are measured at the lower of cost or net realizable value. The company has procedures for identifying risk for obsolescence inventories based on estimated usage and shelf life of products.	In order to ascertain the existence of inventories, we assessed and reviewed the controls implemented and executed by the Company to ensure the existence of inventories. We observed the periodic physical inventory counts. We also performed analytical procedures as well as tests of details of individual transactions. As for the valuation of inventories, we assessed and reviewed the controls relating to valuation. For materials and supplies, we compared the price recognized in the balance sheet to the latest purchase invoice, to ensure that the inventory of materials and supplies is valued in accordance with the accounting policies applied. To address the risk for material error on inventories, our audit procedures included amongst other: Assessing the compliance of company's accounting policies over inventory with applicable accounting standards. Assessing the inventory valuation processes and practices. On major locations we tested the effectiveness of the key controls. Assessing the analyses and assessment made by management with respect to slow moving and obsolete stock. We assessed the adequacy of the company's disclosures related to inventories.
3.	Valuation of Trade Receivables (Refer Note 10 to the standalone financial statements)	
	As at March 31, 2022, the trade receivables balance excluding provisions included in Note 10 were Rs 1,880.22 million. We have identified valuation of trade receivables as a key audit matter on account of the significant management judgment involved with respect to the recoverability of trade receivables and the provisions for impairment of receivables, and the importance of cash collection with reference to the working capital management of the business.	Our audit procedures included but were not limited to the following : (a) Understanding the trade receivables process with regards to valuation and evaluation of controls designed and implemented by the management. (b) Assessment of the appropriateness of the Company's credit risk policy and obtaining an understanding on management of credit risk. (c) Control testing: <ul style="list-style-type: none">Obtaining an understanding on credit approvals, establishing credit limits and continuous monitoring of creditworthiness of customers to which the Company grants the credit in normal course of business.Obtaining understanding on how the Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade receivables.

Sr. No.	Key Audit Matters	How our audit addressed the key audit matters
		(d) Tests of details: <ul style="list-style-type: none"> We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements; We have verified the underlying supporting documents like acceptance of invoices along with various correspondence carried out by the management of the Company with trade receivable for realization of money; We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables; We have verified the appropriateness of judgments regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Company's provisioning policies. <p>We have conducted discussion with management as to the recoverability of the old outstanding and corroborating management's explanations with underlying documentation and correspondence with the customers.</p>
4.	Revenue Recognition (Refer Note 24 to the standalone financial statements)	
	The revenue of the Company consists primarily of sale of food products that are sold through distributors, modern trade and direct sale channels amongst others. Revenue is recognized when the control of products is transferred to the customer and there is no unfulfilled obligation. Owing to the volume of sales transactions, size of the distribution network and varied terms of contracts with customers, revenue is determined to be an area involving significant risk in line with the requirements of the Standards on Auditing and hence, requiring significant auditor attention. The management is required to make certain key judgements around determination of transaction price in accordance with the requirements of Ind AS 115, <i>Revenue from Contracts with Customers</i> , on account of consideration payable to customers in the form of various discount schemes, returns and rebates. The Company and its external stakeholders focus on revenue as a key performance indicator and this could create an incentive for revenue to be overstated or recognised before control has been transferred. Considering the aforesaid significance to our audit and the external stakeholders, revenue recognition has been considered as a key audit matter for the current year's audit.	Our key audit procedures around revenue recognition included, but were not limited to, the following: <ul style="list-style-type: none"> Assessed the appropriateness of the revenue recognition accounting policies of the Company including those relating to rebates and trade discounts, by evaluating compliance with the applicable accounting standards. Evaluated the design and tested the operating effectiveness of the relevant key controls with respect to revenue recognition including general and specific information technology controls. Performed substantive testing on selected samples of revenue transactions recorded during the year by testing the underlying documents including contracts, invoices, goods dispatch notes, shipping documents and customer receipts, wherever applicable Understood and evaluated the Company's process for recording of the accruals for discounts and rebates and ongoing incentive schemes and on a test basis, verified the year-end provisions made in respect of such schemes.

Sr. No.	Key Audit Matters	How our audit addressed the key audit matters
		<ul style="list-style-type: none"> Performed analytical review procedures on revenue recognised during the year to identify any unusual and/or material variances. Performed confirmation and alternative procedures on selected invoices outstanding as at the year end. Tested a select sample of revenue transactions recorded before the financial year end date to determine whether the revenue has been recognised in the appropriate financial period. Tested a sample of manual journal entries posted to revenue ledgers to identify any unusual items. Evaluated the appropriateness and adequacy of disclosures in the consolidated financial statements in respect of revenue recognition in accordance with the applicable requirements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the

Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report

to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 (the 'Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure 'A'** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, we report that:
 - we have sought and obtained all the information and explanations which to the best

- of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account
- (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
- (e) on the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, refer to our separate Report in **Annexure 'B'**;
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with the Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. Further, the Ministry of Corporate Affairs has not prescribed other details under aforesaid section which are required to be commented upon by us; and
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

- (i) the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – (Refer Note 39 to the standalone financial statements);
- (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) (a) the management of the Company has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the standalone financial statements, during the year, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (the 'Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) the management of the Company has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the standalone financial statements, during the year, no funds have been received by the Company from any person or entity, including foreign entities (the 'Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities

- identified in any manner whatsoever by or on behalf of the Funding Party (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) based on such audit procedures, we have considered reasonable and appropriate in the circumstances that nothing has come to our notice that has caused us to

- believe that the representations under paragraph (a) and (b) above, contain any material misstatement.
- (v) the Company neither declared nor paid dividend during the year. Accordingly, the Company is not required to comply with Section 123 of the Act.

Mumbai, June 30, 2022

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine
Partner
Membership No. 043385
UDIN: 22043385ALZHUY1173

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment, except for certain property, plant and equipment where quantitative details are not available since inception;
- (B) The Company is maintaining proper records showing full particulars of intangible assets;
- (b) According to the information and explanations to us, during the year, the property, plant and equipment of the Company have been physically verified by the management, except as stated in Paragraph (A)(a) above and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets;
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee), disclosed in the standalone financial statements are held in the name of the Company;
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) and Intangible Assets during the year. Accordingly, the Paragraph 3(i)(d) of the Order is not applicable to the Company;
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Accordingly, the Paragraph 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year end, written confirmations have been obtained by the management. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies were noticed on physical verification carried out during the year except that a one time write off of inventories was done at the year end owing to its perishable nature, change in government policies with respect to restriction on use of specific raw material usage in products thereby leading to non moving stock. Further such stock held was evaluated as spoilage under the lab test done by an Independent party and was declared as not fit for further consumption in products; and
- (b) The Company has not obtained any sanctioned working capital limit during the year, from banks and/or financial institutions, on the basis of security of current assets. However the Company has issued secured foreign currency convertible bonds (FCCB) and unsecured non convertible debentures (NCD) to International Finance Corporation (IFC) which is to be utilised towards working capital requirements. There is no requirement of submission of quarterly returns or statements to be filed with IFC and hence the agreement of stock return/statements with books of accounts is not applicable. Accordingly, the Paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the Paragraph 3(iii)(a) to (f) of the Order is not applicable to the Company.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply. Accordingly, the Paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act and rules thereunder. We have broadly reviewed such records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) The Company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Goods and Services tax (GST), provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it, though there has been a slight delay in a few cases except an amount of Rs.0.92 million pertaining to income tax deducted at source for the month of January 2021, which has not been paid till the date of our report. During the year 2017-18, sales tax, value added tax, service tax and duty of excise

subsumed in GST and are accordingly reported under GST. No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable

- (b) The dues outstanding with respect to provident fund, employees' state insurance, income tax, GST, sales tax, service tax, value added tax, customs duty, excise duty and cess, on account of any dispute, are as follows.

Name of the statute	Nature of the dues	Amount INR in Million	Period to which the amount relates	Forum where dispute is pending
The Central Goods and Service Tax Act	Goods and Service Tax	7.85	FY 2019-20	Commissioner of GST and Central Excise
Central Sales Tax Act, 1956	Central Sales Tax	6.50	01-Jun-17	Commissioner of Sales Tax
Income Tax Act, 1961	Income Tax	57.46	AY 2012-13	Assessment Order has been received
Income Tax Act, 1961	Income Tax	47.36	AY 2013-14	Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal appeal to be filed
Income Tax Act, 1961	Wealth Tax	0.08	AY 2014-15	Response to be filed
Income Tax Act, 1961	Income Tax	-	AY 2015-16	Rectification of mistake to be filed - Refund adjusted
Income Tax Act, 1961	Income Tax	39.25	AY 2016-17	Appeal to be filed
Income Tax Act, 1961	Income Tax	11.17	AY 2017-18	Assessment Order has been received
Income Tax Act, 1961	Income Tax	21.27	AY 2018-19	Appeal has been filed, scrutiny has been in process
Income Tax Act, 1961	Income Tax	2.45	AY 2019-20	Letter of Intimation has been received
Income Tax Act, 1961	Income Tax	113.07	AY 2020-21	Assessment Order has been received
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	34.41	FY 2009-10	Joint Commissioner of Sales Tax (App)-1
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	-	FY 2010-11	Joint Commissioner of Sales Tax (App)-1
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	2.10	FY 2016-17	Joint Commissioner of Sales Tax (App)-1
Maharashtra Value Added Tax Act, 2002	Duty and Penalty	1.08	FY 2017-18	Joint Commissioner of Sales Tax (App)-1
Central Sales Tax Act, 1956	Duty and Penalty	7.79	FY 2009-10	Joint Commissioner of Sales Tax (App)-1
Central Sales Tax Act, 1956	Duty and Penalty	1.29	FY 2016-17	Joint Commissioner of Sales Tax (App)-1
Central Sales Tax Act, 1956	Duty and Penalty	3.65	FY 2017-18	Joint Commissioner of Sales Tax (App)-1

- (viii) There are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the Paragraph 3(viii) of the Order is not applicable to the Company
- (ix) (a) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender;
- (b) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;
- (c) According to the information and explanations given to us, the Company has, *prima facie*, utilized the money obtained by way of term loans during the year for the purposes for which they were obtained;
- (d) According to the information and explanations given to us and the procedure performed by us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have, *prima facie*, been used for long-term purposes by the Company;
- (e) According to the information and explanations given to us, on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act. The Company does not have a joint venture; and
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary as defined under the Act. The Company does not have a joint venture.
- (x) (a) According to the information and explanations given to us, we report that the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the Paragraph 3(x) (a) of the Order is not applicable to the Company; and
- (b) According to the information and explanations given to us, the Company has made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and in our opinion, the requirements of Section 42 and Section 62 of the Act have been complied with and the funds raised have been used for the purposes for which they were raised.
- (xi) (a) 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 nor any fraud on the Company has been noticed or reported during the year, nor have we been informed of any such instance by the management;
- (b) According to the information and explanations given to us and on the basis of our audit procedures, no report under Section 143(12) of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report; and
- (c) According to the information and explanations given to us, there are no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) The Company is not a Nidhi Company. Accordingly, the Paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our audit procedures, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) According to the information and explanations given to us, the Company has adequate internal audit system commensurate with the size and the nature of its business; and
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us and in our opinion, the Company, during the year, has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the provisions of Section 192 of the Act is not applicable. Accordingly, the Paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the Paragraph 3(xvi)(a) of the Order is not applicable to the Company;
- (b) According to the information and explanations given to us and in our opinion, the Company has not conducted Non-Banking Financial or Housing Finance activity. Accordingly, the Paragraph 3(xvi)(b) of the Order is not applicable to the Company;
- (c) According to the information and explanations given to us and in our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India; and
- (d) According to the information and explanations given to us, the Group to which the Company belongs has no CIC as part of the Group.
- (xvii) According to the information and explanations given to us, the Company has incurred cash losses for the current financial year amounting to Rs.4,292.11 million. However, no cash losses were incurred in the immediately preceding financial year.
- (xviii) According to the information and explanations given to us, there has been no resignation of statutory auditors during the year. Accordingly, the Paragraph 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing as at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We, further state that our reporting is based on the facts upto the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with second proviso to Section 135(5) of the Act. Accordingly, the Paragraph 3(xx)(a) of the Order is not applicable to the Company; and
- (b) There are no unspent amounts towards Corporate Social Responsibility ongoing projects requiring a transfer to a Special account in compliance with the provisions of Section 135(6) of the said Act. Accordingly, the Paragraph 3(xx)(b) of the Order is not applicable to the Company.

SHARP & TANNANChartered Accountants
Firm's Registration No. 109982W
by the hand of**Edwin P. Augustine**Partner
Membership No. 043385
UDIN: 22043385ALZHUY1173

Mumbai, June 30, 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the Internal Financial Controls under Section 143(3)(i) 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, 2022 in conjunction with our audit of the standalone 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, (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the '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.

Auditor's 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 and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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 judgment, 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 expenditure 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 unauthorized 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 to 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, to the best of our information and according to the explanations given to us, 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, 2022, 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 issued by the ICAI.

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Edwin P. Augustine

Partner

Membership No. 043385

UDIN: 22043385ALZHUY1173

Mumbai, June 30, 2022

STANDALONE BALANCE SHEET as at March 31, 2022

(All amounts are in INR million, unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,495.31	3,787.68
Capital work-in-progress	4A	28.38	9.34
Other intangible assets	5	3.87	19.27
Financial assets			
Investments	6	622.64	630.84
Others	7	104.08	120.71
Deferred tax assets (net)	34	-	54.19
Non Current tax Asset (net)	14	106.58	1.33
Other non-current assets	8	43.63	23.66
Total Non-current assets		4,404.49	4,647.02
Current assets			
Inventories	9	4,681.54	6,873.32
Financial assets			
Trade receivables	10	1,197.20	1,559.15
Cash and cash equivalents	11	792.54	65.34
Other balances with banks	12	43.32	117.06
Other current assets	13	2,088.02	3,120.36
Total Current assets		8802.62	11,735.23
Total Assets		13,207.11	16,382.25
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	952.00	839.39
Other equity	16	4538.93	8,358.74
Total Equity		5490.93	9,198.13
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	2,305.81	208.63
Other financial liabilities	18	111.06	84.04
Provisions	19	25.18	40.04
Deferred tax liabilities (Net)	34	26.66	-
Total Non-current liabilities		2468.71	332.71
Current liabilities			
Financial liabilities			
Borrowings	20	2,414.34	3,427.78
Trade payables	21		
(A) total outstanding dues of micro and small enterprises		8.77	8.97
(B) total outstanding dues of creditors other than micro and small enterprises.		2,072.09	2,879.10
Other financial liabilities	22	281.63	294.55
Lease liabilities - Current	22A	51.54	25.71
Other current liabilities	23	414.94	210.86
Provisions	19	4.16	4.44
Total Current liabilities		5,247.47	6,851.41
Total Liabilities		7716.18	7,184.12
Total Equity and Liabilities		13,207.11	16,382.25

Corporate Information 1
Basis of preparation 2
Significant Accounting Policies 3
Contingent Liabilities and Commitments 39
Other Notes 4 to 53

The accompanying notes form an integral part of the standalone financial statements.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine
Partner
Membership No. 043385

Place: Mumbai
Date: June 30, 2022

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Surendra Malaviya
Interim Chief Financial Officer

Place: Mumbai
Date: June 30, 2022

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sanganerla
Company Secretary & Compliance Officer
Membership No. ACS :10280

STANDALONE STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2022

(All amounts are in INR million, unless otherwise stated)

Particulars	Notes	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Income			
Revenue from operations	24	20,256.07	17,917.35
Other income	25	89.61	68.24
Total Income		20,345.68	17,985.59
Expenses			
Cost of materials consumed	26	18,279.65	13,006.14
Purchases of Stock-in-trade	27	82.40	975.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress	28	2,223.37	(580.76)
Employee benefits expense	29	773.40	753.27
Finance costs	30	470.36	455.18
Depreciation and amortisation expense	31	509.31	462.06
Other expenses	32	3,184.51	2527.72
Total Expenses		25,523.00	17,598.92
Profit / (Loss) before tax		(5,177.32)	386.67
Tax expense	33		
Current tax		-	61.12
Deferred tax		79.16	70.41
Tax adjustment in respect of earlier years		35.07	80.60
Profit / (Loss) for the year		(5291.55)	174.54
Other comprehensive income	33		
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		6.72	7.63
Income tax on above		(1.69)	(1.92)
Other comprehensive income for the year, net of tax		5.03	5.71
Total Comprehensive income for the year		(5286.52)	180.25
Earnings per equity share of face value of INR 10 each:	41		
Basic earnings per share (in INR)		(56.56)	2.08
Diluted earnings per share (in INR)		(55.19)	2.08

Significant Accounting Policies

3

Other Notes

4 to 53

The accompanying notes form an integral part of the standalone financial statements.

As per our report attached

SHARP & TANNAN

Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine
Partner
Membership No. 043385

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Surendra Malaviya
Interim Chief Financial
Officer

Place: Mumbai
Date: June 30, 2022

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sanganerla
Company Secretary &
Compliance Officer
Membership No. ACS :10280

STANDALONE STATEMENT OF CASH FLOWS for the year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
A. Cash flow from operating activities		
Net Profit before taxation	(5,177.32)	386.67
Add :		
Depreciation & Amortization	509.31	462.06
Provision for doubtful debts and advances (net of recoveries/reversals)	339.81	126.89
Net (gain)/ loss on sale/ fair valuation of investments	0.50	(6.07)
ESOP expense	(7.29)	(0.98)
Finance cost	470.36	455.18
Sundry Balances written back	(19.92)	(24.78)
Interest income	(43.53)	(20.46)
Operating profit before working capital changes	(3,928.08)	1378.51
Adjustments for :		
(Increase) / decrease in inventories	2,191.78	(605.05)
(Increase) / decrease in trade and other receivables	1112.30	334.44
Increase / (decrease) in trade and other payables	(688.70)	111.53
Increase / (decrease) in provisions	(8.42)	4.53
Cash generated from operations	(1,321.12)	1,223.97
Direct taxes paid (net of refunds)	(141.65)	(219.89)
Net cash flow from operating activities	(1,462.77)	1,004.08
B. Cash Flow from Investing Activities		
Purchase of Property, plant and equipment	(205.99)	(296.45)
Purchase of intangible assets	(1.10)	(8.85)
Maturity/ (Investment) in fixed deposits	69.56	(63.24)
Investment in mutual funds	8.20	(2.68)
Interest received	14.77	27.94
Net cash used in investing activities	(114.56)	(343.28)
C. Cash Flow from Financing Activities		
Proceeds from issue of shares (net of issue expenses)	1,634.30	-
Proceeds / (repayment) short term borrowings (net)	(1,013.44)	(41.50)
Proceeds/ (repayment) of long term borrowings	2167.74	(268.41)
Payment of dividend including dividend distribution tax	(47.69)	(42.06)
Interest paid	(436.38)	(456.64)
Net cash flow from/ (used in) financing activities	2,304.53	(808.61)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	727.20	(147.81)
Cash and cash equivalents at the beginning of the year [Refer Note 11]	65.34	213.15
Cash and cash equivalents at the end of the year [Refer Note 11]	792.54	65.34

STANDALONE STATEMENT OF CASH FLOWS for the year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents include:		
Balance with Bank	756.35	41.71
Cash on hand	36.19	23.64
Total	792.54	65.34

Explanatory notes to Statements of Cash Flows

In part A of Statement of Cash Flows, amounts in bracket indicate deductions made from net profit for deriving net cash flow from operating activities and in part B & C amounts in bracket indicate outflows.

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows as specified in the Companies (Indian Accounting Standards), Rules, 2015 (as amended).

Non cash movement in borrowings include addition/deletion on account of unrealised foreign exchange loss/ (gain) of INR 0.91 Million (March 31, 2021: INR 4.55 Million) in respect of Foreign Currency Loan.

The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Unrealized forex exchange (gain) / loss".

Figures for the previous year have been regrouped wherever necessary.

Particulars	Opening Balance	Cash movement	Foreign exchange changes	Fair value changes	Others	Closing Balance
Long term borrowing (Gross)	280.10	2,097.92	(0.91)	0.16	-	2,377.28
Short term borrowing (net)	3,427.78	(1,013.44)	-	-	-	2,414.34
Total	3,707.88	1,084.48	(0.91)	0.16	-	4,791.62

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Edwin P. Augustine

Partner

Membership No. 043385

For and on behalf of the Board of Directors**Devendra Shah**

Chairman

DIN: 01127319

Surendra MalaviyaInterim Chief Financial
Officer**Pritam Shah**

Managing Director

DIN: 01127247

Rachana SanganerlaCompany Secretary &
Compliance Officer
Membership No. ACS :10280

Place: Mumbai

Date: June 30, 2022

Place: Mumbai

Date: June 30, 2022

STANDALONE STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2022

Equity share capital (refer note 15)

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	(Amount)	No. of shares	(Amount)
Balance at the beginning of the reporting period	8,39,38,567	839.39	8,39,38,567	839.39
Changes during the year (refer note 15 (h))	1,12,61,259	112.61	-	-
Balance at the end of the reporting period	9,51,99,826	952.00	8,39,38,567	839.39

OTHER EQUITY

OTHER EQUITY								(All amounts are in INR million, unless otherwise stated)
Particulars	Securities Reserve	General Reserve	Reserves and Surplus		Money received against share warrants	Money received against FCCB	Other Comprehensive Income (Remeasurement in defined benefit plans)	Total Other Equity
			Employee Stock Options Outstanding	Retained Earnings				
Balance as at April 1, 2020	4,447.85	59.26	8.27	3,711.64	-	-	(5.49)	8,221.53
Profit for the year	-	-	-	174.54	-	-	-	174.54
Other comprehensive income for the year	-	-	-	-	-	-	5.71	5.71
(net of tax)	-	-	(0.98)	-	-	-	-	(0.98)
Deferred employee compensation expense	-	-	-	-	-	-	-	(42.06)
Dividend paid	-	-	-	(42.06)	-	-	-	(42.06)
Balance as at March 31, 2021	4,447.85	59.26	7.29	3,844.12	-	-	0.22	8,358.74
Profit for the year	-	-	-	(5291.55)	-	-	-	(5291.55)
Other comprehensive income for the year	-	-	-	-	-	-	5.03	5.03
(net of tax) (Refer note 16 (G))	-	-	-	-	-	-	-	-
Deferred employee compensation expense	-	7.29	(7.29)	-	-	-	-	-
(Refer note 16 (B))	-	-	-	-	-	-	-	-
Transfer of employee compensation expense to General reserves (Refer note 16 (B))	-	(7.29)	-	-	-	-	-	(7.29)
Securities premium credited for equity shares issued by ESOP trust (Refer note 16 (A))	1,389.89	-	-	-	-	-	-	1,389.89
Dividend paid (Refer note 16 (D))	-	-	-	(47.69)	-	-	-	(47.69)
Money received against share warrants	-	-	-	-	25.00	-	-	25.00
(Refer note 16 (E))	-	-	-	-	-	-	-	-
Money received against FCCB (Refer note 16 (F))	-	-	-	-	-	106.80	-	106.80
Balance as at March 31, 2022	5,837.74	59.26	-	(1495.12)	25.00	106.80	5.25	4538.93

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine
Partner
Membership No. 043385

Place: Mumbai
Date: June 30, 2022

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Pritam Shah
Managing Director
DIN: 01127247

Surendra Malaviya
Interim Chief Financial Officer
Place: Mumbai
Date: June 30, 2022

Rachana Sanganerla
Company Secretary & Compliance Officer
Membership No. ACS:10280

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for year ended March 31, 2022

1. Corporate information

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

2. Basis of preparation

A. Statement of compliance

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

The standalone financial statements were authorised for issue by the Company's Board of Directors on Jun 30, 2022.

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

Basis of preparation

The Balance sheet and statement of profit & loss are prepared & presented in the format prescribed in the Division II of the Schedule III to the Act, The statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, *Statement of Cash Flows*. The disclosure requirements with respect to items in the Balance sheet and Statement of Profit and loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

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

The Company presents assets and liabilities in the standalone balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

E. Use of estimates and judgements

In the preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions, judgements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2022 are as below and also been discussed in detail in the relevant section of accounting policies.

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

F. Measurement of fair values

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

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs

used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

- Share-based payments
- Financial instruments.

3. Significant accounting policies

a) Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

Depreciation on cost of fixed assets is provided on straight line method at

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

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

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

iv. Reclassification to investment property

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

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

B. Intangible assets

i. Recognition and measurement

Intangibles are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

ii. Subsequent expenditure

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

iii. Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date that they are

available for use. The estimated useful lives are as follows:

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

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

c) Impairment

i. Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Leases

The Company has implemented the Ind AS 116 "Leases" as notified by the Ministry of Corporate Affairs on March 30, 2019 through the Companies (Indian Accounting Standards) Amendment Rules, 2019.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on April 1, 2019 using the modified retrospective method of transition. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The Company's lease asset classes primarily consist of leases of land, building and equipment.

The company as a lessee

The company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, the company assesses whether:

- (i) The contract involves use of identified asset;
- (ii) The company has substantially all of the economic benefit of from use of the asset through the period of the lease; and
- (iii) The company has the right to direct the use of the asset

At the date of commencement of lease, the Company recognise a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve month or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as operating expense on straight-line basis over the term of lease

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Right of use of assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset. Right of use of assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Lease liability is initially measured at amortized cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re measured with corresponding adjustment to the related right to use of asset if company changes its assessment if whether it will exercise an extension or termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients.

1. Applied a single discount rate to portfolio of leases of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognize right to use of asset and liabilities for leases with less than 12 months of lease term of the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17
4. Excluding initial direct costs for the measurement of right to use of asset at the date of initial application.

e) Inventories

Inventories are valued at the lower of cost (including prime cost, GST and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

ii. Classification and subsequent measurement Financial Assets

Financial assets carried at amortised cost

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order

to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

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

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

Investment in subsidiary

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains

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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

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised goods or services to a customer. Revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of assets (goods or services) to a customer is done over time and in other cases, performance obligations satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation and the progress is measured in terms of a proportion of actual cost incurred to date, to the total estimated cost attributable to the performance obligation.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by

product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimate they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying Group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Company.

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

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

Interest income is recognised using the effective interest method.

h) Foreign currencies

Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the company are recorded in the functional currency (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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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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.

Current tax assets and liabilities are offset only if:

- there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority; and
- there is intention either to settle on a net basis, or to realise the asset and settle the liability simultaneous

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities

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

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

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

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

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

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

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

Presentation of current and deferred tax

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

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 and commitments

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.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

m) Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

n) Share-based payments

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

o) Cash and cash equivalents

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

p) Earnings per share

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

q) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash

flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

r) Segment Reporting

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

s) Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.

Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the

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'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing

whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

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for the year ended March 31, 2022

Note 4: Property, plant and equipment

(All amounts are in INR Million unless otherwise stated)

Particulars	Freehold land	Leasehold building improvements	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer	Right-of-Use assets	Total
Year ended March 31, 2021										
Gross carrying amount										
Opening gross carrying amount	160.15	41.61	740.52	4,604.63	40.15	55.55	24.64	41.52	153.52	5,862.29
Additions during the year	-	-	47.15	257.66	0.38	1.33	1.03	0.64	-	308.19
Disposals during the year	-	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2021	160.15	41.61	787.67	4,862.29	40.53	56.88	25.67	42.16	153.52	6,170.48
Accumulated depreciation										
Opening accumulated depreciation	-	37.55	119.78	1,657.78	12.20	15.72	11.09	32.09	18.71	1,904.92
Depreciation charge during the year	-	1.18	35.82	389.65	4.01	6.84	3.85	4.83	31.70	477.88
Disposals during the year	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2021	-	38.73	155.60	2,047.43	16.21	22.56	14.94	36.92	50.41	2,382.80
Net carrying amount as at March 31, 2021	160.15	2.88	632.07	2,814.86	24.32	34.32	10.73	5.24	103.11	3,787.68
Year ended March 31, 2022										
Gross carrying amount										
Opening gross carrying amount	160.15	41.61	787.67	4,862.29	40.53	56.88	25.67	42.16	153.52	6,170.48
Additions during the year	1.45	-	0.32	81.20	4.48	12.23	2.61	2.88	95.27	200.44
Disposals/ Adjustments during the year	-	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2022	161.60	41.61	787.99	4,943.49	45.01	69.11	28.28	45.04	248.79	6,370.92
Accumulated depreciation										
Opening accumulated depreciation	-	38.73	155.60	2,047.43	16.21	22.56	14.94	36.92	50.41	2,382.80
Depreciation charge during the year	-	0.61	28.81	396.08	4.30	7.06	3.64	2.78	49.54	492.81
Disposals/ Adjustments during the year	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2022	-	39.34	184.41	2,443.51	20.51	29.62	18.58	39.70	99.95	2,875.61
Net carrying amount as at March 31, 2022	161.60	2.27	603.58	2,499.98	24.50	39.49	9.70	5.34	148.84	3,495.31

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 4A: Capital Work in Progress

Ageing of Capital Work in Progress as on March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years #	
Projects in Progress	27.30	1.03	0.03	0.02	28.38
Projects temporarily suspended	-	-	-	-	-
Total	27.30	1.03	0.03	0.02	28.38

Capital work in progress more than 3 years consist of "Milk Process Machine" which will be capitalised in June 2022

Ageing of Capital Work in Progress as on March 31, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in Progress	7.83	0.62	0.89	-	9.34
Projects temporarily suspended	-	-	-	-	-
Total	7.83	0.62	0.89	-	9.34

Notes

- Under the Indian GAAP, Company was following the accounting treatment as per paragraph 46/ 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets was added/ deducted from the cost of the depreciable asset, which was depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has opted to apply this exemption and accordingly the Company has adjusted foreign exchange loss of INR 0.91 Million for the year ended March 31, 2022 (March 31, 2021: loss of INR 4.55 Million) arising on reporting of long term foreign currency monetary item against the historical cost of fixed assets.
- For details of assets given as security against borrowings, - (refer notes 17 and 20)
- Amount of contractual commitments for the acquisition of PPE, - (refer note 39 (B))

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

Note 5: Other intangible assets

(All amounts are in INR Million unless otherwise stated)

Particulars	Computer software	Brands / Trade Marks	Total
Year ended March 31, 2021			
Gross carrying amount			
Opening gross carrying amount	61.94	13.48	75.42
Additions during the year	8.85	-	8.85
Closing gross carrying amount as at March 31, 2021	70.79	13.48	84.27
Accumulated amortisation			
Opening accumulated amortisation	47.70	1.42	49.12
Amortisation charge for the year	14.55	1.33	15.88
Closing accumulated amortisation up to March 31, 2021	62.25	2.75	65.00
Closing net carrying amount as at March 31, 2021	8.54	10.73	19.27

Year ended March 31, 2022

Gross carrying amount

Opening gross carrying amount	70.79	13.48	84.27
Additions during the year	1.10	-	1.10
Closing gross carrying amount as at March 31, 2022	71.89	13.48	85.37

Accumulated amortisation

Opening accumulated amortisation	62.25	2.75	65.00
Amortisation charge for the year	5.77	10.73	16.50
Closing accumulated depreciation up to March 31, 2022	68.02	13.48	81.50
Net carrying amount as at March 31, 2022	3.87	-	3.87

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

Note 6: Investments

(All amounts are in INR Million unless otherwise stated)

Particulars	Face value	As at March 31, 2022		As at March 31, 2021	
		Quantity (Nos)	Value	Quantity (Nos)	Value
Unquoted					
Investment in equity instruments (fully paid-up)					
Investment in wholly owned subsidiary carried (at cost)					
Bhagyalaxmi Dairy Farm Private Limited	INR 10	57,85,354	622.64	57,85,354	622.64
Other investments					
Unquoted					
Investment in other entities (fair value through profit and loss)					
Sharad Sahakari Bank Ltd.		318	0.00	318	0.02
SVC Bank Ltd		100	0.00	100	0.00
Quoted					
Investment in mutual fund (fair value through Profit and Loss)					
PFG-Union Balanced Advantage Fund Regular Plan - Growth		-	-	4,99,990	6.96
FSGP-IDBI Banking & Financial Services Fund - Regular Plan-Growth		-	-	1,00,000	1.22
Total			622.64		630.84
Total non-current investments			622.64		630.84
Aggregate amount of quoted investments and market value thereof			-		8.18
Aggregate amount of unquoted investments			622.64		622.66
Aggregate amount of impairment in the value of investments			-		-

Note: The investments is in compliance with Section 186(4) of the Companies Act, 2013.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 7: Non-Current – Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Fixed deposits having original maturity of more than one year	7.39	3.21
Interest receivable	0.09	0.03
Other deposits		
Unsecured, considered good	96.60	117.47
Unsecured, considered doubtful	14.23	6.78
Less: Allowance for doubtful deposit	(14.23)	(6.78)
Total	104.08	120.71

Note 8: Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Capital advances		
Unsecured, considered good	35.31	15.22
Unsecured, considered doubtful	15.30	2.97
Less: Allowance for doubtful deposit	(15.30)	(2.97)
Prepaid expenses	8.32	8.44
Total	43.63	23.66

Note 9: Inventories (At lower of cost and net realisable value)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials	71.05	98.71
Work-in-progress	2,451.28	1,949.77
Finished goods	1,840.74	4,565.62
Packing materials	156.49	142.68
Stores and spares	161.98	116.54
Total	4,681.54	6,873.32

Notes: (a) For Inventories pledged as securities against borrowings- (refer notes 17 and 20)

(b) The above includes goods in transit as below:

Particulars	As at March 31, 2022	As at March 31, 2021
Stock-in-transit - finished goods	39.14	18.35

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

- (c) The cost of inventories recognised as an expense includes INR 5,095.46 Million (March 31, 2021: INR 16.17 Million) in respect one time write off of inventories was done at the year end owing to its perishable nature, change in government policies with respect to restriction on use of specific raw material usage in products thereby leading to non moving stock. Further such stock held was evaluated as spoilage under the lab test done by an Independent party and was declared as not fit for further consumption in products.

Note 10: Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Dues from subsidiaries, considered good (refer note 40)	3.42	35.90
Dues from other trade receivables considered good	1,193.77	1,523.25
Unsecured, considered doubtful	683.02	970.91
Less: Allowance for doubtful debts	(683.02)	(970.91)
	-	-
Total	1,197.20	1,559.15

Ageing for trade receivables from the due date of payment for each of the category as at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years	More than 3 Years	
Undisputed trade receivables considered good	492.44	581.75	43.77	79.24	-	-	1,197.20
Undisputed trade receivables which have significant increase in credit risk	-	30.00	27.00	104.00	73.00	394.53	628.53
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-	-
Disputed trade receivables which have significant increase in credit risk	-	-	-	-	-	54.49	54.49
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
TOTAL (A)	492.44	611.75	70.77	183.24	73.00	449.02	1,880.22
Allowance for expected credit loss	-	30.00	27.00	104.00	73.00	449.02	683.02
Allowance for credit impairment	-	-	-	-	-	-	-
TOTAL (B)	-	30.00	27.00	104.00	73.00	449.02	683.02
TOTAL [(A)- (B)]	492.44	581.75	43.77	79.24	-	-	1,197.20

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Ageing for trade receivables from the due date of payment for each of the category as at March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years	More than 3 Years	
Undisputed trade receivables considered good	366.63	1,119.73	72.79	-	-	-	1,559.15
Undisputed trade receivables which have significant increase in credit risk	-	40.00	72.00	108.91	26.00	669.51	916.42
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-	-
Disputed trade receivables which have significant increase in credit risk	-	-	-	-	-	54.49	54.49
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
TOTAL (A)	366.63	1,159.73	144.79	108.91	26.00	724.00	2,530.06
Allowance for expected credit loss		40.00	72.00	108.91	26.00	724.00	970.91
Allowance for credit impairment	-	-	-	-	-	-	-
TOTAL (B)	-	40.00	72.00	108.91	26.00	724.00	970.91
TOTAL [(A)- (B)]	366.63	1,119.73	72.79	-	-	-	1,559.15

Notes:

- (a) 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.
- (b) The Company's exposure to credit and currency risk related to trade receivables - [refer notes 35 (A) and 35 (C)]
- (c) Trade receivables are receivable in normal operating cycle and are shown net of an allowance for bad or doubtful debts.
- (d) Trade receivables stated above are charged on a first pari-passu basis between working capital consortium members led by Union Bank of India, State Bank of India and IDBI Bank Ltd.

Note 11: Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	-	16.29
In deposit accounts with original maturity of less than three months	756.35	25.41
Cash on hand	36.19	23.64
Total	792.54	65.34

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 12: Other balances with banks

Particulars	As at March 31, 2022	As at March 31, 2021
Deposit accounts with maturity of less than twelve months	43.32	117.06
Total	43.32	117.06

Note 13: Other Current Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advances other than capital advances		
Unsecured, considered good:		
Prepaid expenses	14.17	6.87
Advance to vendor		
Unsecured, considered good	1,345.64	2,318.99
Unsecured, considered doubtful	110.48	34.07
Less: Allowance for doubtful deposit	(110.48)	(34.07)
Recoverable from statutory and government authorities		
Unsecured, considered good:		
Electricity duty receivable	22.20	22.20
Less: Provision for Electricity duty	(22.20)	-
PSI incentive and export subsidy receivable	708.06	647.75
Less: Provision for Export Subsidy	(8.61)	-
Milk incentive receivable	86.20	86.20
Less: Provision for Milk Subsidy	(86.20)	-
GST, VAT and Sales tax receivable	-	38.28
Unsecured, considered doubtful		
Advances and other recoverable	20.98	20.98
Recoverable from statutory and government authorities	25.24	25.24
Less: Allowance for doubtful advances	(46.22)	(46.22)
Interest receivable	28.76	0.07
Grand Total	2,088.02	3,120.36

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 14: Non-Current tax assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current tax assets (net)	106.58	1.33
Total	106.58	1.33

Note 15: Equity share capital**(a) Authorised equity share capital**

Particulars	Number of shares (Nos.)	Face Value (INR)	Amount
As at April 1, 2020	10,00,00,000	10.00	1,000.00
Changes during the year	-	-	-
As at March 31, 2021	10,00,00,000	10.00	1,000.00
Changes during the year	-	-	-
As at March 31, 2022	10,00,00,000	10.00	1,000.00

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

Particulars	Number of shares (Nos.)	Face Value (INR)	Amount
As at March 31, 2020	8,39,38,567	10.00	839.39
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 1,76,015 share allotted to the Trust)	1,76,015	10.00	1.76
Net Issued, subscribed and fully paid up share capital	8,39,38,567	10.00	839.39
Add: Issued during the year by ESOP Trust to employees (refer note 45)	-	-	-
As at March 31, 2021	8,39,38,567	10.00	839.39
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 1,76,015 share allotted to the Trust)	1,76,015	10.00	1.76
Net Issued, subscribed and fully paid up share capital	8,39,38,567	10.00	839.39
Add: Issued during the year (refer note 15 (h))	1,12,61,259	10.00	112.61
As at March 31, 2022	9,51,99,826	10.00	952.00

(c) 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 INR 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 TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Equity shares of INR 10 each fully paid				
Mr. Devendra Prakash Shah	1,52,06,400	15.97%	1,52,06,400	18.12%
Mr. Pritam Prakash Shah	91,59,888	9.62%	91,59,888	10.91%
Mrs. Netra Pritam Shah	88,67,027	9.31%	88,67,027	10.56%
International Finance Corporation	67,56,756	7.10%	-	0.00%
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	31,33,534	3.29%	50,42,534	6.01%

(e) Details of shareholdings by the Promoter's of the Company.

Particulars	As at March 31, 2022		As at March 31, 2021		% change in the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Mr. DEVENDRA PRAKASH SHAH ^	1,52,06,400	15.97%	1,52,06,400	18.12%	2.14%
Mr. PRITAM PRAKASH SHAH ^	91,59,888	9.62%	91,59,888	10.91%	1.29%
Mr. PRAKASH BABU LAL SHAH	100	0.00%	100	0.00%	0.00%
Mrs. NETRA PRITAM SHAH ^	88,67,027	9.31%	88,67,027	10.56%	1.25%
Mrs. PRITI DEVENDRA SHAH ^	22,22,820	2.33%	22,22,820	2.65%	0.31%
Mr. POOJAN DEVENDRA SHAH ^	32,95,000	3.46%	32,95,000	3.93%	0.46%
Mr. SHABDALI MITUL DESAI	10,000	0.01%	10,000	0.01%	0.00%
Mr. SHAH STAVAN PRITAM	100	0.00%	100	0.00%	0.00%
Mr. RAJANI PRAKASH SHAH	100	0.00%	100	0.00%	0.00%
Mr. PARAG PRAKASH SHAH ^	1,00,000	0.11%	1,00,000	0.12%	0.01%
Total Promoters shares outstanding	3,88,61,435	40.82%	3,88,61,435	46.30%	
Total shares outstanding	9,51,99,826		8,39,38,567		

^ Pursuant to issuance of Company's shares 1,12,61,259, as detailed in note no. 15 (h)

(f) As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. The above percentage have been computed after excluding 176,015 nos (March 31, 2021 : 176,015 nos) of equity shares issued to ESOS Trust.

(g) The Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceding the balance sheet date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

(h) The Company has vide board resolution dated May 10, 2021 had issued 67,56,756 equity shares of face value INR 10/- each ("Equity Shares") at a price of INR 111/- (including a premium of INR 101/-) per share, for a total consideration of INR 749,999,916) to International Finance Corporation and 18,01,801 equity shares at a price of INR 111/- (including a premium of INR 101/-) per share, for a total consideration of INR 19,99,99,911 /- to Sixth Sense India Opportunities II and 27,02,702 equity shares at a price of INR 111/- (including a premium of INR 101/-) per share, for a total consideration of up to INR 29,99,99,922/- to Sixth Sense India Opportunities III.

The Company has vide board resolution dated May 10, 2021 had issued 50,00,000 warrants at a price of INR 111/- (including a premium of INR 101/-) to Mr. Devendra P. Shah and 50,00,000 warrants at a price of INR 111/- (including a premium of INR 101/-) to Mrs Netra P. Shah belonging to promoter & Promoter group, entitling them for the subscription of equivalent number of equity shares of INR 10/- each at INR 111/- each {including premium of INR 101/- per share}

The aforementioned issue of equity shares and share warrants are being made for general corporate purpose and working capital requirements.

Note 16: Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Securities Premium (Refer note 16 (A))	5,837.74	4,447.85
General Reserve (Refer note 16 (B))	59.26	59.26
Retained Earnings (Refer note 16 (D))	(1495.12)	3,844.12
Employee Stock Options Outstanding Account (Refer note 16 (C))	-	7.29
Money received against share warrants (Refer note 16 (E))	25.00	-
Money received against FCCB (Refer note 16 (F))	106.80	-
Other Comprehensive Income (Refer note 16 (G))	5.25	0.22
Total	4538.93	8,358.74

Note: For movements in reserves - refer Statement of Changes in Equity.

Particulars	As at March 31, 2022	As at March 31, 2021
Securities Premium (A)		
Opening Balance (net off Premium on 1,76,015 shares allotted to the ESOP Trust)	4,447.85	4,447.85
Add: Securities premium credited on share and warrants issued ^	1,389.89	-
Closing Balance	5,837.74	4,447.85

^ Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 10, 2021, the Company has issued 1,37,61,259 Equity Shares of INR 10/- each at a premium of INR 101 to International Finance Corporation; Sixth Sense India Opportunities II; Sixth Sense India Opportunities III; Devendra Shah and Netra Shah"

General Reserves (B)		
Opening Balance	59.26	59.26
Add: Transfer from Employee Stock Options Outstanding	-	-
Closing Balance	59.26	59.26

Employee Stock Options Outstanding (C)		
Opening Balance	7.29	8.27
Add: Deferred Employee Compensation Expense	(7.29)	(0.98)
Less: Transfer to General reserve	-	-
Closing Balance	-	7.29

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Retained earnings (D)		
Opening Balance	3,844.12	3,711.64
Add: Profit/(loss) after tax for the year	(5291.55)	174.54
Add: IND AS 116 impact	-	-
Less: Transfer to debenture redemption reserve	-	-
Less: Dividends	(47.69)	(42.06)
Less: Dividend distribution tax	-	-
Closing Balance	(1495.12)	3,844.12
Share warrants (E)		
Opening Balance	-	-
Add: additions during the year #	25.00	-
Closing Balance	25.00	-
# Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 10, 2021, the Company has issued 25,00,000 Share warrants of INR 10/- each at a premium of INR 101 to Devendra Shah and Netra Shah		
Foreign Currency Convertible Bonds ("FCCB Bond") (F)		
Opening Balance	-	-
Add: additions during the year @	106.80	-
Closing Balance	106.80	-
@ Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 28, 2021, the Company has issued 10,680 FCCB bond having face value of USD 1,000/- each to International Finance Corporation		
Other Comprehensive Income (G)		
Opening Balance	0.22	(5.49)
Add: Change during the year (net of tax)	5.03	5.71
Closing Balance	5.25	0.22
Closing balance	4407.13	8,358.74

Nature and purpose of reserves

- The amount received in excess of face value of the equity shares is recognised in the securities premium. This reserve will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 ("the Act").
- General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc.
- Retained earnings are the profits that the Company has earned till date, net-off less any transfers to general reserve, dividends or other distribution to the 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.
- Share warrants are instruments that give their holder the right to buy the stock of the issuing company at a predetermined price within a stipulated time frame. They are similar to options, the holder of a warrant has the right (but not the obligation) to purchase the shares of a company at a specified price in the future.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 17: Non-Current – Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Measured at amortised cost		
Unsecured		
FCCB Bond	739.20	-
Secured		
Non convertible Debenture (NCD)	1,501.30	-
Term loans		
From banks (Secured)		
Rupee currency loan	114.16	312.08
Foreign currency loan	-	177.10
Vehicle loan	22.62	21.63
	136.78	510.81
Less: Current maturity	(71.47)	(302.18)
Total	2,305.81	208.63

Notes:

- Indian rupee loans from a bank of INR 114.16 Million (March 31, 2021 : INR 312.08 Million) carry interest @ 9.15%-10.10%. The loans are repayable over 48-60 monthly instalments starting from March 2018, June 2019, July 2019, August 2019, September 2019, December 2019, and September 2020 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 INR Nil Million (March 31, 2021 : INR 177.10 Million) carries interest @ 4.50%-6.19%. The loans are repayable in 12 semi annual instalments along with interest starting from June, 2016. The loan is secured by first pari passu charge on movable and immovable fixed property and second pari passu charge of entire current assets of the Company along with other banks and personal guarantees of Directors and their relatives. The above foreign currency loans has been fully repaid and satisfaction of charge is in process.
- Hire purchase loan from banks of INR 22.62 Million (March 31, 2021 : INR 21.63 Million) carries interest @ 9.20% to 9.35 % p.a. The loans are repayable in 60 monthly instalments to 36 monthly instalments starting from December 2018; November 2019 and May 2021. The loan is secured by specific assets financed (vehicle).
- Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 28, 2021, the Company has issued 10,680 FCCB bond having face value of USD 1,000/- each to International Finance Corporation. The loans are repayable in 10 semi annual instalments from along with interest rate of 8% p.a. from June 15, 2021. The proceeds from FCCBs issued by the Company shall be used to fund Company's future capital expansion plans (in accordance with ECB regulations).
- Finance Committee of the Company in its meeting held on Tuesday, May 18, 2021, has inter alia approved allotment of 1,500 Unlisted, Secured, Redeemable, Non-Convertible Debentures (NCDs) having Face Value of INR 10,00,000/- each, aggregating to INR 150,00,00,000/- on Private Placement basis to International Finance Corporation (IFC). The loans loan payable as per Redemption Schedule w.e.f. June 15, 2023 to June 15, 2029 in thirteen instalments, half yearly on 15th June and 15th December. The Company shall use the proceeds from the issue of the Debentures pursuant to this Deed to finance its future expansion plans and working capital requirements, in accordance with the Financial Plan and applicable Law.
- Average interest rate for the non-current borrowings is 8.55%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 18: Other financial liability

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current:		
Lease liability (Refer note no. 37)	111.06	84.04
Total	111.06	84.04

Note 19: Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current:		
Provision for compensated absences (refer note 38)	2.61	2.89
Provision for gratuity (net) (refer note 38)	22.57	37.15
Total	25.18	40.04
Current:		
Provision for compensated absences (refer note 38)	4.16	4.44
Total	4.16	4.44

Note 20: Current – Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Loans repayable on demand		
From banks- cash credit	2,342.87	3,125.60
Current maturities of long-term debt (refer note 17)	71.47	302.18
Total	2,414.34	3,427.78

Notes:

- (a) Cash credit from banks are secured by first pari passu charge on all current assets of the Company and second pari passu charge on property, plant and equipment's of the Company, personal guarantee of Promoter Directors. The cash credit is repayable on demand and carries interest @ 7.75% p.a. to 11.60% p.a.
- (b) Average interest rate for the current borrowings is 9.86%.
- (c) The Company has a Working Capital limit from various banks. For the said facility, the Company has submitted Stock and debtors statement to the bank on monthly basis as also the Quarterly Information Statements. The average difference is not material and is less than 1% of amount of stock and debtors, which is on account of valuation, provisions, etc. for the quarter ended June 2021, September 2021 and December 2021. However in case of March 2022 quarter there is a difference of INR 4,619.02 Millions, due to one time write off of inventories was done at the year end owing to its perishable nature, change in government policies with respect to restriction on use of specific raw material usage in products thereby leading to non moving stock. Further such stock held was evaluated as spoilage under the lab test done by an Independent party and was declared as not fit for further consumption in products.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 21: Trade payables – current

Particulars	As at March 31, 2022	As at March 31, 2021
(A) total outstanding dues of micro and small enterprises	8.77	8.97
(B) total outstanding dues of creditors other than micro and small enterprises.	2,072.09	2,879.10
Total	2,080.86	2,888.07

Notes:

(a) Ageing for trade payables from the due date of payment for each of the category as at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues MSME	-	8.77	-	-	-	8.77
Undisputed dues - Others	240.73	1,664.95	79.16	16.25	71.00	2,072.09
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	240.73	1,673.72	79.16	16.25	71.00	2,080.86

Ageing for trade payables from the due date of payment for each of the category as at March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	-	8.97	-	-	-	8.97
Undisputed dues - Others	234.05	1,862.63	518.02	117.02	147.38	2,879.10
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	234.05	1,871.60	518.02	117.02	147.38	2,888.07

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

(b) Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006

*Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came in to force from 2 October, 2006, certain disclosures are required to be made relating to dues to Micro and Small enterprises. On the basis of information and records available with the Management, the following disclosures are made for the amounts due to Micro and Small enterprises:

Particulars	As at March 31, 2022	As at March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	8.77	8.97
Interest	1.30	8.92
Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding due interest specified under MSMED.		
Amount of interest accrued and remaining unpaid at the end of the accounting year	10.22	8.92
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	10.22	8.92

(c) The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.

Note 22: Current - Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	46.63	12.65
Deposits	93.93	95.34
Employee related liabilities	77.37	94.75
Trade payable for capital goods other than payable to micro and small Enterprises	63.16	83.76
Directors remuneration payable (refer note 40)	0.54	8.05
Total	281.63	294.55

(a) Ageing for trade payables for capital goods from the due date of payment for each of the category as at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	-	-	-	-	-	-
Undisputed dues - Others	-	28.66	18.23	2.79	13.48	63.16
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	-	28.66	18.23	2.79	13.48	63.16

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Ageing for trade payables for capital goods from the due date of payment for each of the category as at March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	-	-	-	-	-	-
Undisputed dues - Others	-	32.56	21.38	12.56	17.26	83.76
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	-	32.56	21.38	12.56	17.26	83.76

Note 22 A: Current - Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability (Refer note 37)	51.54	25.71
Total	51.54	25.71

Note 23: Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payables	82.36	201.94
Advances from customers	332.58	8.92
Total	414.94	210.86

Note 24: Revenue from Operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Sale of products (excluding GST, as applicable) :		
Sale of manufactured goods	19,966.03	16,231.69
Sale of traded goods	-	1,210.56
	19,966.03	17,442.25
B. Other operating revenues comprise:		
Processing charges	116.94	306.41
Export benefits and incentives	0.25	4.32
PSI incentive	166.56	157.19
Scrap sale	6.29	7.18
	290.04	475.10
Total	20,256.07	17,917.35

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Notes:

- (a) In accordance with Indian Accounting Standard (Ind AS) 20, *Accounting for Government Grants and Disclosure of Government Assistance*, the Company has accounted for Industrial Promotion Subsidy under Package Scheme of Incentives, 2013 amounting to INR 166.56 Million (March 31, 2021: INR 157.19 Million) as Other Operating Income in Statement of profit and loss.
- (b) The Company has also accounted for Milk subsidy amounting to INR Nil Million (March 31, 2021: Nil Million) and export subsidy amounting to INR Million 0.25 (March 31, 2021: INR 4.32 Million) as Other Operating Income in Statement of profit and loss.
- (c) Revenue from operations- Geographical information

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Within India	19,675.13	16,231.69
Outside India	290.90	1,210.56
Total	19,966.03	17,442.25

- (d) Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers

Note 25: Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income		
Bank deposits	43.53	8.68
Security deposit	-	0.68
Others	-	11.10
Exchange fluctuation gain (net)	-	9.37
Sundry balances written back	19.92	24.78
Net gain / (loss) on sale or fair valuation of investments	0.41	2.68
Miscellaneous income	25.75	10.95
Total	89.61	68.24

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 26: Cost of materials consumed

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw materials consumed		
Opening stock	98.71	94.46
Add: Purchases	16,762.22	11,902.08
	16,860.93	11,996.54
Less: Closing stock	(71.05)	(98.71)
	16,789.88	11,897.83
Packing materials, stores spares and consumables consumed		
Opening stock	259.22	239.18
Add: Purchases	1,549.02	1,128.35
	1,808.24	1,367.53
Less: Closing stock	(318.47)	(259.22)
	1,489.77	1,108.31
Total	18,279.65	13,006.14

Note 27: Purchases of Stock-in-trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Milk products	82.40	975.31
Total	82.40	975.31

Note 28: Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories - Milk Products		
Opening stock:		
Finished goods	4,565.62	2,094.19
Work-in-progress	1,949.77	3,840.44
	6,515.39	5,934.63
Less:		
Closing stock:		
Finished goods	1,840.74	4,565.62
Work-in-progress	2,451.28	1,949.77
	4,292.02	6,515.39
Changes in inventories:		
Finished goods	2,724.88	(2,471.42)
Work-in-progress	(501.51)	1,890.67
	2,223.37	(580.76)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 29: Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	692.94	675.10
Contributions to provident and other funds (refer note 38)	30.78	32.31
Gratuity (refer note 38)	10.17	11.16
Staff welfare expenses	39.51	34.70
Total	773.40	753.27

Note 30: Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on debts and borrowings		
term loans	443.55	431.21
lease liabilities (Refer note 37)	18.87	13.66
Interest others	7.94	10.31
Total	470.36	455.18

Note 31: Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment	443.27	414.48
Amortisation of intangible assets	16.50	15.88
Depreciation of Right-of-Use assets	49.54	31.70
Total	509.31	462.06

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 32: Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Transport, octroi and freight	723.07	669.41
Power and fuel	359.64	339.90
Rent (refer note 37)	128.36	164.62
Rates and taxes	60.22	91.76
Insurance	23.48	26.43
Repairs and maintenance		
- Plant and machinery	37.99	37.53
- Building	4.25	7.29
- Others	12.14	9.47
Other factory expenses	132.10	120.41
Labour charges	158.77	154.73
Office Expense	33.15	26.68
Exchange fluctuation (net)	71.35	-
Security charges	12.89	13.37
Travelling and conveyance	29.99	21.71
Legal and professional fees	120.39	85.88
Director's remuneration (refer note 40)	48.00	48.00
Sales promotion, commission and advertisement	537.88	290.84
Commission on sales	39.72	31.46
Allowances for doubtful debts and advances (Net)	339.81	126.89
Donations	0.88	0.81
CSR expenses (refer note 44)	23.48	40.05
Miscellaneous expenses	286.95	220.48
Total	3,184.51	2527.72

Details of payments to auditors

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Payment to the auditors (included in miscellaneous expenses)		
Auditors remuneration (excluding taxes):		
Audit fees	2.64	2.64
Other services	0.53	0.53
Certification work	0.17	-
Total	3.34	3.17

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 33: Disclosure pursuant to Indian Accounting Standard (Ind AS) 12, Income Taxes (contd..)

(a) The major components of recognised deferred tax (liabilities)/assets arising on account of timing differences are as follows:

For the year ended March 31, 2022

Particulars	Net balance April 1, 2021	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2022
Deferred tax liabilities				
Property, plant and equipment and Intangible assets	217.85	30.24	-	248.09
Others	-	0.00	-	-
Sub-Total	217.85	30.24	-	248.09
Deferred tax assets				
Expected credit loss on financial assets	255.99	(43.53)	-	212.46
Ind AS 116	-	-	-	-
Expenses allowed on payment basis	16.05	(5.39)	(1.69)	8.97
Sub-Total	272.04	(48.92)	(1.69)	221.43
Minimum Alternate Tax (MAT) credit				
Recognised	-	-	-	-
Sub-Total	-	-	-	-
Net Deferred tax assets/(liabilities)	54.19	(79.16)	(1.69)	(26.66)

Note : A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. To the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. Accordingly no Deferred tax Assets has been recognised on unabsorbed losses for the year ended March 31, 2022.

For the year ended March 31, 2021

Particulars	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2021
Deferred tax liabilities				
Property, plant and equipment and Intangible assets	323.47	(105.62)	-	217.85
Others	11.72	(11.72)	-	-
Sub-Total	335.19	(117.34)	-	217.85
Deferred tax assets				
Expected credit loss on financial assets	416.59	(160.60)	-	255.99
Ind AS 116	1.11	(1.11)	-	-
Expenses allowed on payment basis	19.00	(4.87)	1.92	16.05
Sub-Total	436.70	(166.58)	1.92	272.04
Minimum Alternate Tax (MAT) credit				
Recognised	21.17	(21.17)	-	-
Sub-Total	21.17	(21.17)	-	-
Net Deferred tax assets/(liabilities)	122.68	(70.41)	1.92	54.19

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 33: Disclosure pursuant to Indian Accounting Standard (Ind AS) 12, Income Taxes (contd..)

(b) Income tax expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	-	61.12
Adjustments for current tax of earlier periods	35.07	80.60
Total	35.07	141.72
<i>Deferred tax</i>		
Deferred tax charge/(credit)	79.16	49.24
MAT credit	-	21.17
Total	79.16	70.41
Income tax expense	114.23	212.13

(c) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax	(5,177.32)	386.67
Applicable tax rate*	25.17%	25.17%
Expected income tax expense	(1,303.03)	97.32
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of non deductible expenses	4.21	(26.21)
Effect of tax exempt income (exemption under section 80IB)	-	-
Effect of tax adjustment in respect of earlier years	35.07	80.60
Effect of deferred tax in respect of earlier years	-	-
Effect of tax rate change *	-	28.94
Others	1,407.30	31.48
Income tax expense	143.55	212.13
Effective tax rate	(-)2.77%	54.86%

* The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised provision for income tax for year ended March 31, 2022.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 33: Disclosure pursuant to Indian Accounting Standard (Ind AS) 12, Income Taxes

(d) Amounts recognised in Other comprehensive income

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Before tax	Tax (Expense) / Benefit	Net of tax	Before tax	Tax (Expense) / Benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	6.72	(1.69)	5.03	7.63	(1.92)	5.72

Note 34: Disclosure pursuant to Indian Accounting Standard (Ind AS) 107, Financial Instruments - Disclosures

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.

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

As at March 31, 2022	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Other non-current financial assets							
Investments - Subsidiary	622.64	-	622.64	-	-	622.64	622.64
Others							
Other financial assets (non current)	-	104.08	104.08	-	-	-	-
Trade receivable	-	1,197.20	1,197.20	-	-	-	-
Cash and cash equivalents	-	792.54	792.54	-	-	-	-
Other bank balances	-	43.32	43.32	-	-	-	-
Total	622.64	2,137.13	2,759.77	-	-	622.64	622.64
Financial liabilities							
Borrowings - non-current	-	2,305.81	2,305.81	-	-	-	-
Borrowings - current	-	2,414.34	2,414.34	-	-	-	-
Trade payables	-	2,080.86	2,080.86	-	-	-	-
Lease liability	-	162.60	162.60	-	-	-	-
Other financial liabilities	-	281.63	281.63	-	-	-	-
Total	-	7,245.24	7,245.24	-	-	-	-

As at March 31, 2021	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Other non-current financial assets							
Investments - mutual funds	8.18	-	8.18	8.18	-	-	8.18
Investments - Others	0.02	-	0.02	-	-	0.02	0.02
Investments - Subsidiary	622.64	-	622.64	-	-	622.64	622.64
Others							
Other financial assets (non current)	-	120.71	120.71	-	-	-	-
Trade receivable	-	1,559.15	1,559.15	-	-	-	-
Cash and cash equivalents	-	65.34	65.34	-	-	-	-
Other bank balances	-	117.06	117.06	-	-	-	-
Total	630.84	1,862.26	2,493.10	8.18	-	622.66	630.84
Financial liabilities							
Borrowings - non-current	-	208.63	208.63	-	-	-	-
Borrowings - current	-	3,427.78	3,427.78	-	-	-	-
Trade payables	-	2,888.07	2,888.07	-	-	-	-
Lease liability	-	109.75	109.75	-	-	-	-
Other financial liabilities	-	294.55	294.55	-	-	-	-
Total	-	6,928.77	6,928.77	-	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2022 and March 31, 2021:

Particulars	Investment in subsidiary	Investment in Others
As at March 31, 2020	622.64	0.02
(Gain) / loss recognised in the Statement of Profit and Loss	-	-
(Gain) / loss recognised in the other comprehensive income	-	-
As at March 31, 2021	622.64	0.02
(Gain) / loss recognised in the Statement of Profit and Loss	-	(0.02)
(Gain) / loss recognised in the other comprehensive income	-	-
As at March 31, 2022	622.64	-

Note 35: Financial Risk Management

Risk management framework

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework. The Company has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Company.

The Company's audit committee also oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Company derives directly from its operations. The Company also holds FVTOCI/FVTPL investments.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

This note explains the sources of risk to which the Company is exposed to and how the entity manages the risk.

(A) Credit risk

Trade and Other receivables

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customers. Outstanding customers are regularly monitored.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Particulars	March 31, 2022	March 31, 2021
Outstanding for a period not exceeding six months	1,104.19	1,526.36
Outstanding for a period exceeding six months	776.03	1,003.70
Gross trade receivables	1,880.22	2,530.06
Less: Provision for doubtful debts	(683.02)	(970.91)
Net trade receivables	1,197.20	1,559.15

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
	Balance as at April 1, 2020	1,145.95
Add:	Impairment loss recognised	122.33
Less:	Write-off of bad debts	(297.37)
	Balance as at March 31, 2021	970.91
Add:	Impairment loss recognised	-
Less:	Write-off of bad debts	(287.89)
	Balance as at March 31, 2022	683.02

(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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Contractual maturities of financial liabilities March 31, 2022	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including interest accrued but not due)	3,017.55	221.04	365.50	2,431.01	3,017.55
Borrowings - current	2,414.34	2,414.34	-	-	2,414.34
Trade payables	2,080.86	2,080.86	-	-	2,080.86
Lease liability	162.60	51.54	53.68	57.38	162.60
Other financial liabilities	235.00	235.00	-	-	235.00
Total non-derivative liabilities	7,910.35	5,002.78	419.18	2,488.39	7,910.35

Contractual maturities of financial liabilities March 31, 2021	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current	281.82	162.19	107.89	11.74	281.82
Borrowings - current	3,427.78	3,427.78	-	-	3,427.78
Trade payables	2,888.07	2,888.07	-	-	2,888.07
Lease liability	109.75	25.71	28.68	55.36	109.75
Other financial liabilities	281.90	281.90	-	-	281.90
Total non-derivative liabilities	6,989.32	6,785.65	136.57	67.10	6,989.32

(C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(i) Foreign currency risk

The Company is subject to risk of changes in foreign currency values that impact costs of imported raw material and import of equipment for expansion of plants, primarily with respect to USD and EURO. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations.

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2022.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

(a) The Company unhedged exposure to foreign currency risk at the end of the reporting period are as follows

Sr no	Particulars	Currency	As at March 31, 2022		As at March 31, 2021	
			Amount			
A	Financial assets		INR	Foreign currency	INR	Foreign currency
(i)	Trade receivables	USD	14.87	0.20	34.19	0.47
B	Financial liabilities					
(i)	Foreign currency loan					
	Bank loan	USD	-	-	177.10	2.41
	Interest Payable	USD	0.14	0.00	2.32	0.03
(ii)	Trade payables	USD	0.08	0.00	0.08	0.00
		EURO	3.89	0.05	10.08	0.12
		AUD	2.56	0.04	2.50	0.05
		GBP	0.06	0.00	0.07	0.00

(b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31, would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
March 31, 2022				
Effect in INR				
1 % movement				
USD	(0.15)	0.15	(0.15)	0.15
EUR	0.04	(0.04)	0.04	(0.04)
AUD	0.03	(0.03)	0.03	(0.03)
GBP	0.00	(0.00)	0.00	(0.00)
March 31, 2021				
Effect in INR				
1 % movement				
USD	1.45	(1.45)	1.45	(1.45)
EUR	0.10	(0.10)	0.10	(0.10)
AUD	0.03	(0.03)	0.03	(0.03)
GBP	0.00	(0.00)	0.00	(0.00)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

(i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The company's borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, *Financial Instruments: Disclosures*, 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

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	March 31, 2022	March 31, 2021
Fixed rate instruments and variable rate instruments		
Financial assets		
Bank deposits	807.06	145.68
Total	807.06	145.68
Financial liabilities		
Non-current borrowings	2,305.81	208.63
Current maturities of non-current borrowings	71.47	302.18
Current borrowings	2,342.87	3,125.60
Total	4,720.15	3,636.41

(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, 2022	March 31, 2021
Interest rates – increase by 100 basis points *	(47.20)	(36.36)
Interest rates – decrease by 100 basis points *	47.20	36.36

* Holding all other variables constant

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 36: Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust its dividend payment (refer note 16) ratio to shareholders, return capital to shareholders or issue fresh shares.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Company's adjusted net debt to equity ratio are as follows.

Particulars	March 31, 2022	March 31, 2021
Borrowings		
Long-term and Short-term borrowings	4,648.68	3,334.23
Current maturities of Long-term borrowings	71.47	302.18
Less: Cash and cash equivalents	(843.25)	(185.61)
Adjusted net debt	3,876.90	3,450.80
Total Equity	5490.93	9,198.13
Adjusted net debt to equity ratio	0.71	0.38

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 37: Disclosure pursuant to Indian Accounting Standard (Ind AS) 116, 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.

A. Right-of-Use assets

Carrying Value	2021-22	2020-21
Opening balance	153.52	153.52
Additions	95.27	-
Disposal / derecognized during the year	-	-
Closing balance	248.79	153.52

Accumulated depreciation	2021-22	2020-21
Opening balance	50.41	18.71
Additions	49.54	31.70
Disposal / derecognized during the year	-	-
Closing balance	99.95	50.41

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

B. Lease Liabilities

Particulars	2021-22	2020-21
Opening balance	109.75	137.50
Addition	70.49	-
Accreditation of interest	18.87	13.66
Payments	36.51	41.41
Total	162.60	109.75

Lease liabilities	2021-22	2020-21
Current	51.54	25.71
Non - current	111.06	84.04
Total	162.60	109.75

C. Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:

Lease liabilities	2021-22	2020-21
Not later than one year	61.99	36.51
Later than one year and not later than five years	180.11	97.35
Total	242.10	133.86

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

D. Amounts to be recognised in Statement of profit and loss for the year ended March 31, 2022

Particulars	2021-22	2020-21
Depreciation expense of Right-of-Use assets	49.54	31.70
Interest expense on lease liabilities	18.87	13.66
Total	68.41	45.36

E. Lease Rent

Particulars	2021-22	2020-21
Lease payments recognised for short term leases in Statement of Profit and Loss during the year	128.36	164.62
Total	128.36	164.62

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 38: Disclosure pursuant to Indian Accounting Standard (Ins AS) 19, Employee Benefits

A. Defined contribution plan- Provident Fund/Employee State Insurance

The Company has recognised an amount of INR 30.78 Million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Benefit/Contribution to	2021-22	2020-21
Provident Fund	26.47	27.23
National Pension Scheme	0.32	0.60
Employees State Insurance	3.90	4.47
Labour Welfare Fund	0.09	0.02
Total	30.78	32.31

B. Defined Benefit Plan- Gratuity

The Company operates a defined benefit gratuity plan, which is governed by the Payment of Gratuity Act, 1972. The plan entitles an employee who has completed at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the last drawn wage by the employee concerned.

The defined benefit gratuity plan is administered by a Trust that is legally separate from the Company. The gratuity plan is a funded plan, managed by Life Insurance Company ("LIC") and the Company's makes annual contributions to Group Gratuity cum Life Assurance Scheme managed by LIC.

The most recent actuarial valuation of the defined benefit obligation was carried out as at March 31, 2022. 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: inherent interest rate risk, longevity risk and salary risk.

Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based in government bonds. If bond yield fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

Based on the actuarial valuation obtained in respect of gratuity, the table below sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at the balance sheet date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Defined benefit plans	2021-22	2020-21
I Expenses recognised in statement of profit and loss during the year:		
Current service cost	8.18	8.95
Past service cost	-	-
Expected return on plan assets	(1.65)	(1.42)
Interest cost on benefit obligation	3.64	3.63
Total Expenses	10.17	11.16
II Expenses recognised in OCI		
Actuarial (gain) / loss due to demographic assumption changes in DBO	-	-
Actuarial (Gain) / loss due to financial assumption changes in DBO	(1.15)	0.08
Actuarial (Gain)/ losses due to experience on DBO	(5.26)	(7.91)
Return on Plan Assets (greater) / less than Discount rate	(0.31)	0.20
Total Expenses	(6.72)	(7.63)
III Net asset /(liability) recognised as at balance sheet date:		
Present value of defined benefit obligation	(60.27)	(62.99)
Fair Value of plan assets	37.70	25.84
Funded status [Surplus/(Deficit)]	(22.57)	(37.15)
IV Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	62.99	62.75
Current service cost	8.18	8.95
Past service cost	-	-
Interest cost	3.64	3.63
Actuarial (gain)/ loss	(6.41)	(7.83)
Benefits paid	(8.13)	(4.50)
Present value of defined benefit obligation at the end of the year	60.27	62.99
V Movements in fair value of the plan assets		
Opening fair value of plan assets	25.84	22.13
Expected returns on plan assets	1.65	1.42
Actuarial (gain)/ loss on Plan assets	0.31	(0.20)
Contribution from employer	18.03	6.99
Benefits paid	(8.13)	(4.50)
Closing fair value of the plan asset	37.70	25.84

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Defined benefit plans	2021-22	2020-21
VI Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	14.28	11.75
Between 1 to 5 years	29.28	33.16
Between 6 to 10 years	22.56	23.20
VII Quantitative sensitivity analysis for significant assumptions is as below:		
1 Increase/(decrease) on present value of defined benefit obligation at the end of the year		
(i) +100 basis points increase in discount rate	(-)4.27%	(-)4.40%
(i) -100 basis points decrease in discount rate	4.68%	4.88%
(iii) +100 basis points increase in rate of salary increase	4.62%	4.70%
(iv) -100 basis points decrease in rate of salary increase	(-)4.34%	(-)4.36%

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:	2021-22	2020-21
Discount rate	6.37%-6.79%	6.37%-6.54%
Expected return on assets	6.37%	6.37%
Expected rate of salary increase	6.00% p.a	6.00% - 7.00% p.a
Withdrawal rate	14.00%	12.00% - 14.00%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

- The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.
- The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The gratuity fund is managed by life insurance company, details of fund invested by insurer are not available with company.
- The Company expects to make a contribution of INR 14.28 Million to the defined benefit plans (gratuity - funded) during the next financial year.
- The average duration of the defined benefit plan obligation at the end of the reporting period is 6.41 years.

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for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

C. Annual Leave and Sick Leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended March 31, 2022 based on actuarial valuation carried out by using Projected Unit Credit method resulted in decrease in liability by INR 0.56 Million. (Previous Year- increased by INR 0.39 Million)

Financial Assumptions	2021-22	2020-21
Discount rate	6.37% - 6.79%	6.37% - 6.54%
Basic salary increases allowing for price inflation	600% - 7.00%	600% - 7.00%

Demographic Assumptions	2021-22	2020-21
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee turnover	12% - 14%	12% - 14%
Leave Availment Ratio	15% for two years	15% for two years

Note 39: Contingent liabilities and Commitments

Sr no	Particulars	As at March 31, 2022	As at March 31, 2021
(A) Contingent liabilities			
a)	Sales tax matter under litigation in respect of Company for FY 2009-10, F.Y. 2010-11 and FY 2016-17 for pending forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	50.32	63.40
b)	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 7th March, 2012 in the Court of Honourable Civil Judge, Senior Division, Pune for damaged goods supplied by the Company. The amount includes interest of INR 20.37 Million	-	70.68
c)	Goods and Service Tax matter under litigation in respect of Company for FY 2017-18	7.85	7.85
d)	Goods and Service Tax matter under litigation in respect of Company for FY 2017-18	-	59.70
e)	Sales Tax matter under litigation in respect of Company for FY 2017-18 for pending forms	6.50	6.50
f)	Income tax matter under litigation for the AY 2012-13 to AY 2020-21	292.12	38.82
g)	Corporate Guarantee given by the Company for Loan taken by suppliers from Bank	200.00	200.00
(B) Commitments			
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	63.79	34.74

Notes:

- The Company is involved in other disputes, lawsuits, claims, inquiries and proceedings including commercial matters that arise from time to time in the ordinary course of business. The Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.
- The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any, for ongoing issues where no claims have been made against the 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 40: Disclosure pursuant to Indian Accounting Standard (Ind AS) 24, 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
	Mr. Pritam Shah – Director
	Mr. Venkat Shankar – CEO (till 29th June, 2020)
	Mr. Shashikant Dalmia – CFO (till 30 th Dec, 2021)
	Mrs. Rachana Sanganerla – CS
	Mr. Nitin R. Dhavalikar – Director
	Ms. Radhika Dudhat – Director
	Mr. Narendra Ambwani – Director
	Mr. Ramesh Chandak – Director
	Mr. B. M. Vyas – Director (till 29th June, 2022)
	Mr. Sunil Goyal – Director (till 25th May, 2020)
Relative of Key Management Personnel	Late Mr. Parag Shah
	Mr. Prakash Shah
	Miss. Akshali Shah
	Mr. Poojan Shah
	Mrs. Priti Shah
	Mrs. Netra Shah
Entity in which KMP can exercise significant influence	Mr. Stavan Shah
	Bharat Trading Company
	SBM Advisors LLP

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Details of related party transactions For the year ended on March 31, 2022:

Particulars	2021-22	2020-21
Purchase of Goods		
Bhagyalaxmi Dairy Farms Private Limited	168.73	93.33
Sale of Goods		
Bhagyalaxmi Dairy Farms Private Limited	52.17	19.93
Remuneration to Key Management Personnel and their relatives *		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Venkat Shankar	-	4.87
Shashikant Dalmia	8.27	7.09
Rachana Sanganeria	2.60	2.37
Akshali Shah	4.22	3.48
Poojan Shah	0.83	0.56
Stavan Shah	0.56	0.09
Rent Payment		
Bhagyalaxmi Dairy Farms Private Limited	6.60	6.60
Devendra Shah	4.64	3.24
Pritam Shah	0.30	0.30
Priti Shah	0.24	0.24
Netra Shah	0.24	0.24
Reimbursement of expenses KMP		
Devendra Shah	0.63	0.23
Pritam Shah	1.32	-
Director sitting fees		
Nitin R. Dhavalikar	1.70	1.10
Radhika Dudhat	1.00	0.70
Narendra Ambwani	1.30	0.90
Ramesh Chandak	1.60	1.00
BM Vyas	0.70	-
Consultancy fee including out of pocket expenses		
B.M. Vyas	1.38	8.40

* The remuneration to the key managerial personnel and their relatives (if any) comprises of only short term benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Details of balances outstanding at the year end

Particulars	As at March 31, 2022	As at March 31, 2021
Amount Payable to		
Devendra Shah	0.46	4.11
Pritam Shah	0.08	3.94
Shashikant Dalmia	-	0.66
Rachana Sanganeria	0.22	0.20
B.M. Vyas	0.32	1.54
Akshali Shah	0.36	0.29
Poojan Shah	0.07	0.05
Netra Shah	1.16	0.94
Priti Shah	0.93	0.71
Stavan Shah	0.05	0.05
Personal guarantee issued by		
Devendra Shah, Pritam Shah, Parag Shah, Prakash Shah, Netra Shah, and Priti Shah	6,396.30	6,396.30
Receivable/(payable)		
Bhagyalaxmi Dairy Farms Private Limited	3.42	35.90

Note 41: Disclosure pursuant to Indian Accounting Standard (Ind AS) 33, Earnings Per Share

Particulars	As at March 31, 2022	As at March 31, 2021
Profit/(Loss) attributable to Equity shareholders (INR in Million) (A)	(5291.55)	174.54
Weighted average number of Equity shares for basic EPS (B)	9,35,61,825	8,39,38,567
Effect of Dilution :		
Weighted average number of treasury shares held through ESOP Trust	1,76,015	1,76,015
Number of shares under share warrant and FCCB	21,36,364	-
Weighted average number of Equity shares adjusted for the effect of dilution (C)	9,58,74,203	8,41,14,582
Basic EPS (Amount in INR) (A/B)	(56.56)	2.08
Diluted EPS (Amount in INR) (A/C)	(55.19)	2.08

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 42: Disclosure pursuant to Indian Accounting Standard (Ind AS) 108, Operating Segments

The Managing Director of the Company acts as the chief operating decision maker (CODM) of the Company in accordance with Indian Accounting Standard (Ind AS) 108, *Operating Segments*, for purpose of assessing the financial performance and position of the Company, and make strategic decisions. The Company's business activities are mainly related to processing of milk and manufacturing of milk related products, which are primarily assessed as a single reportable operating segment in accordance with Ind AS 108 by the CODM.

The information based on geographical areas in relation to revenue and non-current assets are as below:

(a) Revenue from operations

Particulars	For year ended March 31, 2022	For year ended March 31, 2021
Within India	19,965.17	17,534.15
Outside India	290.90	383.20
Total	20,256.07	17,917.35

(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 43: Accounting Ratio

No.	Particulars	FY 2021-22	FY 2020-21	Methodology
1	Current Ratio (in times)	1.68	1.71	Current assets over current liabilities
2	Debt - Equity Ratio (in times)	5.07	4.43	Debt over total shareholders' equity
3	Debt Service coverage ratio* (in times) ¹	(2.77)	2.46	Net Profit before non cash operating expense and interest over current debt
4	Return on equity (in %) ²	(-)591%	21%	PAT over total average equity
5	Inventory Turnover Ratio (in times) ³	3.51	2.73	Sales over average inventory
6	Trade receivables turnover ratio (in times) ⁴	14.70	7.87	Revenue from operations over average trade receivables
7	Trade payables turnover ratio (in times) ⁵	7.40	4.87	Adjusted expenses over average trade payables
8	Net capital turnover ratio (in times) ⁶	5.70	3.67	Revenue from operations over working capital
9	Net profit ratio (in %) ⁷	(-)26%	1%	Net profit over revenue
10	Return on capital employed (in %) ⁸	(-)96.37%	1.90%	PBIT over capital employed
11	Return on investment (in %) ⁹	0.07%	0.43%	Interest income, net gain on sale of investments and fair value gain over average investments

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Explanation for variance exceeding 25% :

- 1 Company having to record an one-time write-off & provisions consequent to the pandemic situation and change in law, this impacted the EBIT negative. The Debt Service coverage ratio became negative due to this.
- 2 PAT (Loss) has increased due to one time stock write off taken by the Company (refer note 1)
- 3 Inventory turn around times increased during the year. Company is further looking to increase the turn around times.
- 4 Trade receivable turnover ratio increased during the year. It's a positive sign towards better receivable management
- 5 The company has reduced the credit days to get better competitive rate and quantity to mitigate the demand.
- 6 Net capital turnover ratio is increased. Company is better utilizing the Working capital.
- 7 Net profit ratio is reduced due to One time stock write off taken by the company. (refer note 1)
- 8 Return on capital employed is negative due to one time stock write off taken by the Company (refer note 1)
- 9 The return on investment changes due to fair valuation impact.

Note 44: Disclosure on CSR Expense

Particulars	As at March 31, 2022	As at March 31, 2021
1. Amount required to be spent by the company during the year	23.40	28.24
2. Amount of expenditure incurred on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	23.48	40.05
3. Shortfall at the end of the year	-	-
4. Total of previous years shortfall	-	-
5. Reason for shortfall	N.A.	N.A.
6. Nature of CSR activities	CSR projects of Parag Milk Foods Limited are focused on promotion of quality education, promotion of health care and animal welfare	CSR projects of Parag Milk Foods Limited are focused on promotion of quality education, promotion of health care and animal welfare
7. Details of related party transactions in relation to CSR expenditure:	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 45: Disclosure pursuant to Indian Accounting Standard (Ind AS) 102, Share-Based Payments

The Board of Directors constituted the equity settled Employee Stock Option Scheme ("ESOS 2015") vide its resolutions dated February 27, 2015 and April 21, 2015 for issue of 696,339 stock options to the key employees of the Company, which has been further approved in the Company's Extra ordinary General meeting dated April 3, 2015 and May 16, 2015.

Pursuant to the above scheme, the Board of Directors vide its circular resolution dated 3rd September, 2015, approved grant of 227,000 stock options to its employees on September 4, 2015.

The Company has in its Board Meeting dated 1st November, 2018 approved the grant of 166,015 options to the eligible employees of the Company at a fair market value of ₹ 258.90 (Two Hundred Fifty Eight Rupees and Ninety Paise) per option (based on the closing market price of ₹ 258.90 of the Company's shares on NSE as on 31st October, 2018) under the Parag Milk Foods Limited – Employee Stock Option Scheme, 2018 – "ESOS 2018" (erstwhile ESOS 2015 under the ESOS Scheme 2015, renamed as ESOS Scheme 2018, besides renaming of the scheme to ESOS 2018, the other terms and conditions will remain the same as stated in ESOS 2015.) The Board of Directors approved fresh grant of ESOS options 1,66,015 at a fair market value of INR 258.90 per option under Parag Milk Foods Limited – Employee Stock Option Scheme – 2018 "ESOS 2018" (erstwhile ESOS-2015 under the SSOS scheme 201, renamed as ESOS scheme 2018, besides remaining of the scheme to ESOS 2018 the other terms and conditions will remain the same as stated in ESOS 2015.

According to ESOS 2018, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 years. The other relevant terms of the grant are as below. The fair valuation of the option have been computed as per the black scholes pricing model.

Vesting Period	1 years
Exercise Period	2 Years
Expected Life	2 Years
Exercise Price	INR 258.90
Fair value using Black Scholes model on grant date	INR 71.14
Date of grant	1-Nov-18

The details of activity under ESOS 2018 are summarized below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of options	WAEP (INR)	No. of options	WAEP (INR)
Outstanding at the beginning of the year	1,02,039	258.90	1,15,765	258.90
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	1,02,039	258.90	13,726	258.90
Exercised during the year	-	-	-	-
Exercisable/ Vested during the year	-	-	-	-
Outstanding at the end of the year:	-	-	1,02,039	258.90
of which Options vested and exercisable at the end of the year	-	-	-	-

Particulars	2021-22	2020-21
Dividend yield (%)		
Expected volatility	34.95%	34.95%
Risk-free interest rate	7.40%	7.40%
Weighted average share price	258.90	258.90
Exercise price (INR)	258.90	258.90
Expected life of options granted in years	2	2
Life of option remaining in months	0	0

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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(All amounts are in INR Million unless otherwise stated)

The expected option life is assumed to be approximately half way between the option vesting period and contractual term of the option. Since the vesting period and contractual term is different, the expected life of the option will be different. The expected option life is calculated as Year to Vesting + (Contractual Option Term) /2. Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the option.

Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	2021-22	2020-21
Employee option plans	0.00	0.98

Note 46: Disclosure pursuant to Indian Accounting Standard (Ind AS) 27, Separate Financial Statements

Investments in the subsidiary company is accounted at cost:

Name of the subsidiary company	Principal place of business	Proportion of direct ownership as on March 31, 2022	Proportion of direct ownership as on March 31, 2021
Bhagyalaxmi Dairy Farm Private Limited	India	100%	100%

Note 47: Disclosure pursuant to Indian Accounting Standard (Ind AS) 27, Separate Financial Statements

The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year

Note 48: No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III :

- The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the year.
- The Company has not come across any transaction occurred with struck-off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.
- The Company does not have any charges or satisfaction of charges which is yet to be registered with the Registrar of the Companies beyond the statutory period.
- Utilization of borrowed funds and share premium :
 - The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
 - The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

- (vii) The Income Tax Department (the 'Department') conducted a search (the 'Search') under Section 132 of the Income Tax Act, 1961, on the Company and its subsidiary at certain premises/locations in the month of November 2021. The Company has received a *Panchanama* dated 27th November, 2021. Other than the above, the Company has not received any communication in this regard.
- (viii) The Company has not revalued its Property, Plant and Equipment during the year.
- (ix) The Company has not revalued its intangible assets during the year

Note 49:

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year-end, the Company has reviewed all such contracts and confirmed that no provision is required to be created under any law / accounting standard towards any foreseeable loss.

Note 50:

"Based on its ongoing assessment, the Company identified certain unpredictable and unforeseeable cumulative material impacts of the continuing COVID-19 pandemic (in its various intensity since its manifestation in financial year 2020-21) consequences on its current year's performance.

The Company has evaluated the repercussion of COVID-19 on the carrying value of inventories, trade receivable, and loans & advances basis the internal and external sources of information and determined, that the carrying values of inventories and loans & advances need written down / provisions over and above the normal requirement in the quarter-end March 2022/year-end standalone financial statements.

The Company in order to maintain its goodwill and relationships with the farmers consciously continued to procure all the of milk that the farmers supplied at its plants. The Company's forecast for selling the value-added products produced from the excess milk, unfortunately, got disrupted due to frequent lockdowns that affected the supplies to HORECA, (Hotels, Restaurants, and Catering) large institutions, and corporate buyers (B2B sales portfolio) as they strategically curtailed their business operations for survival. Since, the Company primarily produces/ manufactures products which are perishable in nature, and are governed and regulated by strict production and storage norms notified by FSAAI, the Company had to mandatorily write-down the inventories lying with it.

There was also a sudden change in the Government's Policies with respect to infant food due to which the Company could not supply the stocks of Whey Protein, the main ingredient in the infant food formula to the relevant players. The Company had an inventory of this product that was not moving for a few months and the same had to be written-off. Further, the Company sent samples to NABL-approved lab and also appointed an independent accounting firm to evaluate the quantity and the value of the inventories requiring write down as an additional precautionary measure.

In addition, the Government issued a Notification which fixed the base selling price of milk procurement from farmers so that their livelihood is protected. This resulted in an increase in our cost of material procurement prices as evidenced by the Price Settlement Agreement entered into with the milk aggregators. The impact of the above on the financials is ₹ 1,179.84 Million, which was adjusted against milk advances and cost of materials consumed.

Due to the consequential impact of the above, the write-off of inventories to net realisable value as at March 31, 2022 amounted to INR 5095.46 Million; (Previous year 2020- 21: INR Nil). The write-down is included in cost of materials consumed or changes in inventories of finished goods and work-in-progress.

In spite of the Company having to record an one-time write-off & provisions consequent to the pandemic situation and change in law, the Company envisages no material uncertainty in meeting the financial obligations over the foreseeable future.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 51:

The Code on Social Security, 2020 (the 'Code') relating to employee benefits during employment and post-employment benefits received the President's assent on September 28, 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment has released the draft Rules for the Code on November 13, 2020 and has invited suggestions from the stakeholders. However, the date on which the Code/Rules will come to effect has not been notified.

The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

Note 52:

The standalone financial statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings conducted on June 30, 2022.

Note 53:

Figures of the previous year have been regrouped wherever necessary to confirm to the figures of the current year in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective from April 1, 2021.

Signatures to Notes 1 to 53

SHARP & TANNAN

Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine

Partner
Membership No. 043385

Place: Mumbai
Date: June 30, 2022

For and on behalf of the Board of Directors

Devendra Shah

Chairman
DIN: 01127319

Surendra Malaviya

Interim Chief Financial
Officer

Place: Mumbai
Date: June 30, 2022

Pritam Shah

Managing Director
DIN: 01127247

Rachana Sanganeria

Company Secretary &
Compliance Officer
Membership No. ACS:10280

INDEPENDENT AUDITOR'S REPORT

To the Members of Parag Milk Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Parag Milk Foods Limited** (the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at March 31, 2022 and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, of its consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (the

'ICAI') and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 56 to the consolidated financial statements to the accompanying Statement which states the management's evaluation of the financial impact on the Group due to lockdown and other restrictions on account of covid-19 pandemic situation. Consequent to the assessment by the management, the inventories has been written-down by INR 5095.46 million. In addition to the above, the Group has concluded the negotiations with the milk aggregators and based on the Price Settlement Agreement with them, has adjusted the advances amounting to INR 1179.84 million.

We draw attention to Note 53(vii) to the consolidated financial statements relating to the search carried out under Section 132 of the Income Tax Act, 1961 in the month of November, 2021 concerning the Group at certain premises/ locations. The Group has received a 'Panchanama' dated November 27, 2021. As explained to us, other than the above, there was no communication received from the Income Tax Department, till the date of reporting.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matter(s)	How our audit addressed the key audit matter
1	Inventories (Refer Note 11 to the consolidated financial statements)	
	The value of inventories is a key audit matter due to involvement of high risk, basis the nature of the food industry wherein value per unit is relatively insignificant but high volumes are involved which are dispersed across different point of sales and warehouses.	Our audit procedures included and were not limited to the following: i. Evaluation of the design and testing of the implementation of internal controls relating to physical inventory counts on a test basis;

Sr. No.	Key audit matter(s)	How our audit addressed the key audit matter
		<p>ii. Performance of test of controls over verification of documentary evidence of controls including the calculation of shrinkages.</p> <p>Performance of test of details through sample selection of stores as part of the inventory verification program, including verification of inventories from floor to documentary evidence and vice versa and verification of shrinkage.</p>
2	Valuation and existence of inventories (Refer Note 11 to the consolidated financial statements)	
	Our audit procedures on the valuation and existence of inventories consisted mainly of the following: The inventories of the Group amounted to INR 4,787.35 million. Our audit of inventories was focused around the risk that there would be a material misstatement relating to the existence of inventories and that the valuation of inventories which involves judgement of the management. According to the consolidated financial statements' accounting principles inventories are measured at the lower of cost or net realizable value. The Group has procedures for identifying risk for obsolescence inventories based on estimated usage and shelf life of products.	<p>In order to ascertain the existence of inventories, we assessed and reviewed the controls implemented and executed by the Group to ensure the existence of inventories. We observed the periodic physical inventory counts. We also performed analytical procedures as well as tests of details of individual transactions.</p> <p>As for the valuation of inventories, we assessed and reviewed the controls relating to valuation. For materials and supplies, we compared the price recognized in the balance sheet to the latest purchase invoice, to ensure that the inventory of materials and supplies is valued in accordance with the accounting policies applied.</p> <p>To address the risk for material error on inventories, our audit procedures included amongst other:</p> <p>Assessing the compliance of Group's accounting policies over inventory with applicable accounting standards.</p> <p>Assessing the inventory valuation processes and practices. On major locations we tested the effectiveness of the key controls.</p> <p>Assessing the analyses and assessment made by management with respect to slow moving and obsolete stock.</p> <p>We assessed the adequacy of the Group's disclosures related to inventories.</p>
3	Valuation of Trade Receivables (Refer Note 12 to the consolidated financial statements)	
	As at March 31, 2022, the trade receivables balance excluding provisions included in Note 12 were INR 1,965.17 million. We have identified valuation of trade receivables as a key audit matter on account of the significant management judgment involved with respect to the recoverability and existence of trade receivables and the provisions for impairment of receivables, and the importance of cash collection with reference to the working capital management of the business.	<p>Our audit procedures included but were not limited to the following:</p> <p>(a) Understanding the trade receivables process with regards to Valuation and evaluation of controls designed and implemented by the Group's management.</p> <p>(b) Assessment of the appropriateness of the Group's credit risk policy and obtaining an understanding on management of credit risk.</p>

Sr. No.	Key audit matter(s)	How our audit addressed the key audit matter
		<p>(c) Control testing:</p> <ul style="list-style-type: none"> Obtaining an understanding on credit approvals, establishing credit limits and continuous monitoring of creditworthiness of customers to which the Group grants the credit in normal course of business. Obtaining understanding on how the Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade receivables. <p>(d) Tests of details:</p> <ul style="list-style-type: none"> We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements; We have verified the underlying supporting documents like acceptance of invoices along with various correspondence carried out by the management of the Group with trade receivables for realization of money; We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables; We have verified the appropriateness of judgments regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Group's provisioning policies. <p>We have conducted discussion with management as to the recoverability of the old outstanding and corroborating management's explanations with underlying documentation and correspondence with the customers.</p>
4	Revenue Recognition (Refer Note 27 to the consolidated financial statements)	<p>The revenue of the Group consists primarily of sale of food products that are sold through distributors, modern trade and direct sale channels amongst others. Revenue is recognized when the control of products is transferred to the customer and there is no unfulfilled obligation.</p> <p>Owing to the volume of sales transactions, size of the distribution network and varied terms of contracts with customers, revenue is determined to be an area involving significant risk in line with the requirements of the Standards on Auditing and hence, requiring significant auditor attention. The management is required to make certain key judgements around determination of transaction price in accordance with the requirements of Ind AS 115, Revenue from</p> <p>Our key audit procedures around revenue recognition included, but were not limited to, the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the revenue recognition accounting policies of the Group including those relating to rebates and trade discounts, by evaluating compliance with the applicable accounting standards. Evaluated the design and tested the operating effectiveness of the relevant key controls with respect to revenue recognition including general and specific information technology controls. Performed substantive testing on selected samples of revenue transactions recorded during the year by testing the underlying

Sr. No.	Key audit matter(s)	How our audit addressed the key audit matter
	<p>Contracts with Customers, on account of consideration payable to customers in the form of various discount schemes, returns and rebates. The Group and its external stakeholders focus on revenue as a key performance indicator and this could create an incentive for revenue to be overstated or recognised before control has been transferred. Considering the aforesaid significance to our audit and the external stakeholders, revenue recognition has been considered as a key audit matter for the current year's audit.</p>	<p>documents including contracts, invoices, goods dispatch notes, shipping documents and customer receipts, wherever applicable.</p> <ul style="list-style-type: none"> Understood and evaluated the Group's process for recording of the accruals for discounts and rebates and ongoing incentive schemes and on a test basis, verified the year-end provisions made in respect of such schemes. Performed analytical review procedures on revenue recognised during the year to identify any unusual and/or material variances. Performed confirmation and alternative procedures on selected invoices outstanding as at the year end. Tested a select sample of revenue transactions recorded before the financial year end date to determine whether the revenue has been recognised in the appropriate financial period. Tested a sample of manual journal entries posted to revenue ledgers to identify any unusual items. Evaluated the appropriateness and adequacy of disclosures in the consolidated financial statements in respect of revenue recognition in accordance with the applicable requirements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 financial statements by the Directors of the Holding Company's, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial

statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for

the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

- (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) in our opinion, the aforesaid consolidated financial statements comply with Indian Accounting Standards specified under Section 133 of the Act;
- (e) on the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2022 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, refer to our separate Report in **Annexure 'A'**;
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with the Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company, its subsidiary company incorporated in India, where applicable, to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company incorporated in India is not in excess of the limit laid down under Section 197 of the Act. Further, the Ministry of Corporate Affairs has not prescribed other details under aforesaid section

which are required to be commented upon by us; and

- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - (Refer Note 41 to the consolidated financial statements);
- (ii) the Group did not have any material foreseeable losses on the long-term contracts including derivative contracts;
- (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India;
- (iv) (a) the management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, during the year, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary incorporated in India to or in any other person or entity, including foreign entities (the 'Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary company incorporated in India

(the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) the management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the consolidated financial statements during the year, no funds have been received by the Holding Company or its subsidiary company incorporated in India from any person or entity, including foreign entities (the 'Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary incorporated in India shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
- (c) based on such audit procedures, we have considered reasonable and appropriate in the circumstances that nothing has come to our notice that has caused us to believe that the representations under paragraph (a) and (b) above, contain any material misstatement.
- (v) The Holding Company has not declared nor paid any dividend during the year. Further, based on the audit reports of the subsidiary company, incorporated in India, that entity has not declared nor paid any dividend during the year. Accordingly, reporting on the compliance with Section 123 of the Act is not applicable; and
- (vi) With respect to the matters specified in the Paragraphs 3(xxi) and 4 of the

Companies (Auditor's Report) Order, 2020 ('CARO') issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's Report, and according to the information and explanations given to us, and based on the CARO reports

Mumbai, June 30, 2022

issued by us for the Holding Company and its subsidiary included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in those CARO reports.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine
Partner
Membership No. 043385
UDIN: 22043385ALZICH5309

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 (the 'Act')

In conjunction with our audit of the consolidated financial statements of the **Parag Milk Foods Limited** (the 'Holding Company') as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company, 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, its subsidiary company, 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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 consolidated 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 Holding 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 consolidated 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 consolidated 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 consolidated 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 and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company,

which are companies incorporated in India, 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, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI

SHARP & TANNAN

Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine

Partner
Membership No. 043385
UDIN: 22043385ALZICH5309

Mumbai, June 30, 2022

CONSOLIDATED BALANCE SHEET
as at March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,082.73	4,310.61
Capital work-in-progress	4A	95.96	30.50
Other intangible assets	5	3.88	19.43
Biological Assets other than bearer plants	6	505.50	402.60
Financial assets			
Investments	7	0.00	8.20
Loans	8	8.17	4.36
Other financial assets	9	104.21	120.83
Deferred tax assets (Net)	36	-	30.86
Non Current tax Asset (net)	26	106.58	-
Other non-current assets	10	68.52	39.21
Total non-current assets		4,975.55	4,966.60
Current assets			
Inventories	11	4,787.35	6,947.85
Financial assets			
Trade receivables	12	1,253.07	1,589.48
Cash and cash equivalents	13	796.73	69.45
Other bank balances	14	43.32	117.06
Other current assets	15	2,094.25	3,134.85
Total current assets		8,974.72	11,858.69
Total assets		13,950.27	16,825.29
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	952.00	839.39
Other equity	17	4,588.29	8,442.03
Total Equity		5,540.29	9,281.42
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	18	2,596.30	333.19
Other financial liability	19	112.29	85.92
Provisions	20	28.31	42.00
Deferred tax liabilities (Net)		39.97	-
Total Non-current liabilities		2,776.87	461.11
Current liabilities			
Financial liabilities			
Borrowings	21	2,580.51	3,477.42
Trade payables	22		
(A) total outstanding dues of micro enterprises and small enterprises; and		8.77	8.97
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		2,249.82	3,032.33
Other financial liabilities	23	298.87	300.79
Lease liabilities - Current	19A	52.19	26.21
Other current liabilities	24	436.47	231.19
Provisions	25	4.75	4.78
Current Tax Liabilities (Net)	26	1.73	1.07
Total current liabilities		5,633.11	7,082.76
Total liabilities		8,409.98	7,543.87
Total equity and liabilities		13,950.27	16,825.29
Corporate Information	1		
Basis of preparation	2		
Significant accounting policies	3		
Contingent Liabilities and Commitments	41		
Other Notes	4 to 58		

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

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine
Partner
Membership No. 043385

Place: Mumbai
Date: June 30, 2022

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Surendra Malaviya
Interim Chief Financial
Officer
Place: Mumbai
Date: June 30, 2022

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sanganeria
Company Secretary & Compliance Officer
Membership No. ACS :0280

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year Ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue			
Revenue from operations	27	20,717.54	18,417.63
Other income	28	210.40	135.09
Total		20,927.94	18,552.72
Expenses			
Cost of materials consumed	29	18,498.75	13,235.23
Purchases of stock-in-trade	30	82.40	975.31
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	2,223.95	(591.43)
Employee benefit expense	32	836.63	781.97
Finance costs	33	509.59	457.74
Depreciation and amortisation expense	34	537.44	486.29
Other expenses	35	3,459.72	2,800.37
Total		26,148.48	18,145.48
Profit before exceptional items and tax		(5,220.54)	407.24
Exceptional items	-	-	-
Profit/(Loss) before tax		(5,220.54)	407.24
Tax expense	36		
Current tax		-	61.12
Deferred tax		69.34	63.50
Tax adjustment in respect of earlier years		35.07	75.57
Profit/(Loss) after tax		(5,324.95)	207.05
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		6.00	7.75
Income Tax effect		(1.49)	(1.95)
Other comprehensive income for the year, net of tax		4.51	5.80
Total comprehensive income for the year		(5,320.44)	212.85
Earnings per equity share of face value of INR 10/- each:			
Basic earnings per share (in INR)	44	(56.91)	2.47
Diluted earnings per share (in INR)	44	(55.54)	2.46

Significant accounting policies

Other Notes

3

4 to 58

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

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine
Partner
Membership No. 043385

Place: Mumbai
Date: June 30, 2022

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Surendra Malaviya
Interim Chief Financial
Officer

Place: Mumbai
Date: June 30, 2022

Pritam Shah
Managing Director
DIN: 01127247

Rachana Sanganeria
Company Secretary &
Compliance Officer
Membership No. ACS:0280

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from operating activities		
Net Profit before taxation	(5,220.54)	407.24
Add :		
Depreciation and amortization expense	537.44	486.29
Provision for doubtful debts and advances (net of recoveries/ reversals)	354.15	131.29
Net (gain)/ loss on sale/ fair valuation of investment	0.12	(6.07)
ESOP expense	(7.29)	(0.98)
Finance cost	509.59	457.74
Sundry balances written back	(19.92)	(24.78)
Loss on sale or death of livestock	13.70	16.39
Fair value change of livestock	(120.60)	(65.68)
Interest income	(43.60)	(20.49)
Operating profit before working capital changes	(3996.95)	1,380.96
Adjustments for :		
(Increase) / decrease in inventories	2,160.50	(618.99)
(Increase) / decrease in trade and other receivables	1069.54	300.20
Increase / (decrease) in trade and other payables	(574.04)	152.20
Increase / (decrease) in provisions	(7.72)	4.85
Cash generated from operations	(1348.68)	1,219.22
Direct taxes paid (net of refunds)	(140.99)	(219.70)
Net cash flow from operating activities	(1489.67)	999.52
B. Cash Flow from Investing Activities		
Purchase of Property, plant and equipment	(355.65)	(434.70)
Purchase of intangible assets	(1.10)	(8.85)
Sale of livestock	4.00	6.41
Sale of Property, plant and equipment	-	6.68
Maturity of fixed deposits	69.55	(63.13)
Investment in mutual funds	8.20	(2.68)
Interest received	14.84	27.96
Net cash used in investing activities	(260.16)	(468.31)
C. Cash Flow from Financing Activities		
Proceeds from issue of shares (net of issue expenses)	3,874.80	-
Proceeds / (repayment) short term borrowings (net)	(896.91)	(40.44)
Long term borrowings	21.70	(143.84)
Payment of dividend including dividend distribution tax	(47.69)	(42.06)
Interest paid	(474.79)	(459.20)
Net cash flow from/ (used in) financing activities	2,477.11	(685.54)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	727.28	(154.33)
Cash and cash equivalents at the beginning of the year [Refer Note 13]	69.45	223.78
Cash and cash equivalents at the end of the year [Refer Note 13]	796.73	69.45

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents include:		
Balance with Bank	757.74	42.77
Cash on hand	38.99	26.68
Total	796.73	69.45

Explanatory notes to Statements of Cash Flows

In part A of Statement of Cash Flows, amounts in bracket indicate deductions made from net profit for deriving net cash flow from operating activities and in part B & C amounts in bracket indicate outflows.

The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows as specified in the Companies (Indian Accounting Standards), Rules, 2015 (as amended).

Non cash movement in borrowings include addition/deletion on account of unrealised foreign exchange loss/ (gain) of INR 0.91 Million (March 31, 2021: INR 4.55 Million) in respect of Foreign Currency Loan.

The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Unrealized forex exchange (gain) / loss".

Figures for the previous year have been regrouped wherever necessary.

Particulars	Opening Balance	Cash movement	Foreign exchange changes	Fair value changes	Closing Balance
Long term borrowing (net)	333.19	2,262.04	0.91	0.16	2,596.30
Short term borrowing (net)	3,477.42	(896.91)	-	-	2,580.51
Total	3,810.61	1,365.13	0.91	0.16	5,176.81

As per our report attached

SHARP & TANNAN

Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine

Partner
Membership No. 043385

For and on behalf of the Board of Directors

Devendra Shah

Chairman
DIN: 01127319

Pritam Shah

Managing Director
DIN: 01127247

Surendra Malaviya

Interim Chief Financial
Officer

Rachana Sanganeria

Company Secretary &
Compliance Officer
Membership No. ACS:10280

Place: Mumbai
Date: June 30, 2022

Place: Mumbai
Date: June 30, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended March 31, 2022
Equity share capital (refer note 16)

(All amounts are in INR Million unless otherwise stated)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount		Amount	
Balance at the beginning of the reporting period (no. of shares 8,39,38,567)	839.39		839.39	
Change during the year (refer note 44)	112.61		-	
Balance at the end of the reporting period	952.00		839.39	

Other equity (refer note 17)

(All amounts are in INR Million unless otherwise stated)

Particulars	Reserves and Surplus			Money received against share warrants	Money received against FCCB	Other Comprehensive Income	Total
	Securities Premium Reserve	General Reserve	Employee Stock Options Outstanding				
Balance as at April 1, 2020	4,447.85	59.26	8.27	3,762.78	-	(5.94)	8,272.22
Profit after tax for the year	-	-	-	207.04	-	-	207.04
Other comprehensive income for the year (net of tax)	-	-	-	-	-	5.80	5.80
Deferred Employee Compensation Expense	-	-	(0.98)	-	-	(0.98)	-
Dividend paid	-	-	-	(42.06)	-	-	(42.06)
Balance as at March 31, 2021	4,447.85	59.26	7.29	3,927.76	-	(0.14)	8,442.02
Profit after tax for the year	-	-	-	(5,324.95)	-	-	(5,324.95)
Other comprehensive income for the year (net of tax)	-	-	-	-	-	4.51	4.51
Deferred Employee Compensation Expense	-	-	(7.29)	-	-	-	(7.29)
Securities premium credited for equity shares issued by ESOP trust	1,389.89	-	-	-	-	-	1,389.89
Dividend paid	-	-	-	(47.69)	-	-	(47.69)
Share warrant issued during the year	-	-	-	-	25.00	-	25.00
Money received against FCCB (10680*1000*10)	-	-	-	-	106.80	-	106.80
Balance at the end of March 31, 2022	5,837.74	59.26	-	(1,444.88)	25.00	4.37	4,588.29

As per our attached report

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine
Partner
Membership No. 043385

Place: Mumbai
Date: June 30, 2022

For and on behalf of the Board of Directors

Devendra Shah
Chairman
DIN: 01127319

Pritam Shah
Managing Director
DIN: 01127247

Surendra Malaviya
Interim Chief Financial Officer
Place: Mumbai
Date: June 30, 2022

Rachana Sanganerla
Company Secretary & Compliance Officer
Membership No. ACS:10280

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for year ended March 31, 2022

1. Corporate information

The consolidated financial statements comprises financial statements of Parag Milk Foods Limited ("the parent") and its subsidiary Bhagyalaxmi Dairy Farms Private Limited (collectively "the Group").

The parent is a public listed company incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Group is engaged in the business of production and procurement of cow milk mainly in western and southern region, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk, milk powder, flavoured milk, lassi, curd etc. which are marketed under its registered brand name "Gowardhan", "Go", "Pride of Cows", "Topp up" and "Avvatar".

2. Basis of preparation

A. Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary, 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 subsidiary.

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

The Group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Inter Company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 consolidated financial statements were authorised for issue by the Parent's Board of Directors on June 30, 2022.

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

C. Basis of presentation

The Balance sheet and statement of profit & loss are prepared & presented in the format prescribed in the Division II of the Schedule III to the Act, The statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance sheet and Statement of Profit and loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended

D. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Groups' functional currency. All amounts have been rounded-off to two decimal places to the nearest Millions, unless otherwise indicated.

E. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

F. 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

The Company presents assets and liabilities in the standalone balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

G. 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 that have a significant risk of resulting in a material adjustment in the year ending 31st March 2022 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.

H. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

3. Significant accounting policies

a) Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

iv. Reclassification to investment property

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

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

b) Intangible assets

i. Recognition and measurement

Intangibles are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

c) Leases

The Company has implemented the Ind AS 116 "Leases" as notified by the Ministry of Corporate Affairs on 30th March 2019 through the Companies (Indian Accounting Standards) Amendment Rules, 2019.

Effective 1st April, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on 1st April, 2019 using the modified retrospective method of transition. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The Company's lease asset classes primarily consist of leases of land, building and equipment.

The Company as a Lessee

The company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, the company assesses whether:

- (i) The contract involves use of identified asset;
- (ii) The company has substantially all of the economic benefit of from use of the asset through the period of the lease; and
- (iii) The company has the right to direct the use of the asset

At the date of commencement of lease, the Company recognise a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve month or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as operating expense on straight-line basis over the term of lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Right of use of assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset. Right of use of assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Lease liability is initially measured at amortized cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re measured with corresponding adjustment to the related right to use of asset if company changes its assessment if whether it will exercise an extension or termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients elected on initial application.

1. Applied a single discount rate to portfolio of leases of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognize right to use of asset and liabilities for leases with less than 12 months of lease term of the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17
4. Excluding initial direct costs for the measurement of right to use of asset at the date of initial application.

d) Biological Asset

A biological assets is a living animal or plant.

An entity shall recognise a biological asset when, and only when:

- (a) the entity controls the asset as a result of past events;
- (b) it is probable that future economic benefits associated with the asset will flow to the entity; and
- (c) the fair value or cost of the asset can be measured reliably.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

Biological Assets i.e. livestock (cows) are measured at fair value less costs to sell, with any change therein recognised in statement of profit and loss.

e) Impairment

i. Financial assets

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

ii. Non -financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to

be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

f) Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

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

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

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

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

g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

i. Recognition and initial measurement

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

ii. Classification and subsequent measurement Financial Assets

Financial assets carried at amortised cost

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

Financial assets at fair value through other comprehensive income

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

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

Investment in subsidiary

Investment in subsidiary is carried at cost in the standalone financial statements of the Parent

Financial assets at fair value through profit or loss

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

Financial liabilities

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

iii. Derecognition

Financial assets

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

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

Financial liabilities

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

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

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

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

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised goods or services to a customer. Revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of assets (goods or services) to a customer is done over time and in other cases, performance obligations satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation and the progress is measured in terms of a proportion of actual cost incurred to date, to the total estimated cost attributable to the performance obligation.

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers

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 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.

Current tax assets and liabilities are offset only if:

- (i) there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority; and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

- (ii) there is intention either to settle on a net basis, or to realise the asset and settle the liability simultaneous

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.

i) 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 and commitments

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

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying the economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which

Likelihood of outflow of resources embodying the economic benefits is remote, no provision or disclosure is made.

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

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

n) Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined

by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

o) Share-based payments

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

p) Cash and cash equivalents

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

s) Segment Reporting

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

t) Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.

Instead, an entity will recognize such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

(All amounts are in INR Million unless otherwise stated)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

Note 4: Property, plant and equipment

Particulars	Freehold land	Leasehold building improvements	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer	Right-of-Use assets	Total
Year ended March 31, 2021										
Gross carrying amount										
Opening gross carrying amount	199.10	41.61	891.07	4,792.61	41.96	55.63	29.75	43.91	156.41	6,252.05
Additions during the year	210.63	-	59.26	270.37	0.42	5.66	1.86	1.02	-	549.22
Disposals during the year	-	-	-	(6.68)	-	-	-	-	-	(6.68)
Closing gross carrying amount as at March 31, 2021	409.73	41.61	950.33	5,056.30	42.38	61.29	31.61	44.93	156.41	6,794.59
Accumulated depreciation										
Opening accumulated depreciation	-	37.55	140.68	1,709.37	12.97	15.76	12.64	33.73	19.24	1,981.94
Depreciation charge during the year	-	1.18	42.08	404.97	4.19	7.38	4.82	5.20	32.23	502.04
Disposals during the year	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2021	-	38.73	182.76	2,114.34	17.16	23.14	17.46	38.93	51.47	2,483.98
Net carrying amount as at March 31, 2021	409.73	2.88	767.57	2,941.96	25.22	38.15	14.15	6.00	104.94	4,310.61
Year ended March 31, 2022										
Gross carrying amount										
Opening gross carrying amount	409.73	41.61	950.34	5,056.29	42.38	61.28	31.61	44.93	156.41	6,794.58
Additions during the year	36.60	-	6.25	131.43	4.60	12.23	3.05	3.45	95.27	292.89
Disposals during the year	-	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2022	446.33	41.61	956.59	5,187.72	46.98	73.51	34.66	48.38	251.68	7,087.47
Accumulated depreciation										
Opening accumulated depreciation	-	38.73	182.75	2,114.34	17.16	23.14	17.45	38.93	51.47	2,483.97
Depreciation charge during the year	-	0.61	35.49	414.49	4.45	7.88	4.65	3.13	50.07	520.79
Disposals during the year	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2022	-	39.34	218.24	2,528.83	21.61	31.02	22.10	42.06	101.54	3,004.76
Net carrying amount as at March 31, 2022	446.33	2.27	738.35	2,658.89	25.37	42.49	12.57	6.32	150.14	4,082.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 4A: Capital Work in Progress

Ageing of Capital Work in Progress as on March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 – 2 years	2 – 3 years	More than 3 years #	
Projects in Progress	76.54	19.37	0.03	0.02	95.96
Projects temporarily suspended	-	-	-	-	-
Total	76.54	19.37	0.03	0.02	95.96

Capital work in progress more than 3 years consist of “Milk Process Machine” which will be capitalised in June 2022

Ageing of Capital Work in Progress as on March 31, 2021

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 – 2 years	2 – 3 years	More than 3 years	
Projects in Progress	28.99	0.62	0.89	-	30.50
Projects temporarily suspended	-	-	-	-	-
Total	28.99	0.62	0.89	-	30.50

Under the Indian GAAP, Company was following the accounting treatment as per paragraph 46/ 46A of AS 11 ‘The Effects of Changes in Foreign Exchange Rates’, with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets was added/ deducted from the cost of the depreciable asset, which was depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has opted to apply this exemption and accordingly the Company has adjusted foreign exchange loss of INR 0.91 Million for the year ended March 31, 2022 (March 31, 2021: loss of INR 4.55 Million) arising on reporting of long term foreign currency monetary item against the historical cost of fixed assets.

For details of assets given as security against borrowings, Refer Note 18 and Note 21.

Amount of contractual commitments for the acquisition of PPE- (refer note 41 (B))

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 5: Other intangible assets

Particulars	Computer software	Website Development	Brands / Trade Marks	Total
Year ended March 31, 2021				
Gross carrying amount				
Opening gross carrying amount	63.38	0.12	13.48	76.98
Additions during the year	8.85	-	-	8.85
Closing Gross carrying amount as at March 31, 2021	72.23	0.12	13.48	85.83
Accumulated amortisation				
Opening accumulated amortisation	48.93	0.12	1.42	50.47
Amortisation charge for the year	14.60	-	1.33	15.93
Closing accumulated depreciation up to March 31, 2021	63.53	0.12	2.75	66.40
Net carrying amount as at March 31, 2021	8.70	-	10.73	19.43
Year ended March 31, 2022				
Gross carrying amount				
Opening gross carrying amount	72.23	0.12	13.48	85.83
Additions during the year	1.10	-	-	1.10
Closing Gross carrying amount as at March 31, 2022	73.33	0.12	13.48	86.93
Accumulated amortisation				
Opening accumulated amortisation	63.53	0.12	2.75	66.40
Amortisation charge for the year	5.92	-	10.73	16.66
Closing accumulated depreciation up to March 31, 2022	69.45	0.12	13.48	83.06
Net carrying amount as at March 31, 2022	3.88	-	-	3.88

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

Note 6: Biological asset other than bearer plant - Livestock (Cows)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance beginning of the year	402.60	359.72
Less: Decrease due to sale/disposal	(17.70)	(22.80)
Add/(Less): Change in fair value less cost to sell #	120.60	65.68
Fair Value as at the end of the year	505.50	402.60

Represents change in price as well as changes on account of biological transformation. There have been no new purchase/acquisitions of biological assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 7: Investments

Particulars	As at March 31, 2022		As at March 31, 2021	
	Quantity (Nos)	Value	Quantity (Nos)	Value
Other Investments				
Investment in other entities which are carried at amortised cost				
Sharad Sahakari Bank Ltd.	318	-	318	0.02
SVC Bank Ltd	100	-	-	-
Investment in mutual fund (fair value through Profit and Loss)				
PFG-Union Balanced Advantage Fund Regular	4,99,990	-	4,99,990	6.96
FSGP-IDBI Banking &Financial	-	-	1,00,000	1.22
Total		-		8.20
Total non-current investments		-		8.20
Aggregate amount of quoted investments and market value thereof		-		8.18
Aggregate amount of unquoted investments		-		0.02
Aggregate amount of impairment in the value of investments		-		-

Note: The investments is in compliance with Section 186(4) of the Companies Act, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 8: Non-Current - Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured considered good		
Security Deposits	8.17	4.36
Total	8.17	4.36

Note 9: Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Fixed deposits having original maturity of more than one year	7.52	3.33
Interest Receivable	0.09	0.03
Other Deposits	96.60	117.47
Total	104.21	120.83

Note 10: Other non-current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Capital advances	60.20	30.77
Prepaid expenses	8.32	8.44
Total	68.52	39.21

Note 11: Inventories (At lower of cost and net realisable value)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials	109.72	111.22
Work-in-progress	2,451.28	4,879.23
Finished goods	1,891.80	1,687.80
Packing material	158.71	143.91
Stores and spares	175.84	125.69
Total	4,787.35	6,947.85

Notes: (a) For Inventories pledged as securities against borrowings- (refer notes 18 and 21)

(b) The above includes goods in transit as below:

Particulars	As at March 31, 2022	As at March 31, 2021
Stock in transit - finished goods	39.14	18.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

- (c) The cost of inventories recognised as an expense includes INR 5,095.46 Million (March 31, 2021: INR 16.17 Million) in respect one time write off of inventories was done at the year end owing to its perishable nature, change in government policies with respect to restriction on use of specific raw material usage in products thereby leading to non moving stock. Further such stock held was evaluated as spoilage under the lab test done by an Independent party and was declared as not fit for further consumption in products.

Note 12: Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered good	1,253.07	1,589.48
Unsecured, Considered doubtful	712.10	991.59
Less: Allowance for doubtful debts	(712.10)	(991.59)
	-	-
Total	1,253.07	1,589.48

Ageing for trade receivables from the due date of payment for each of the category as at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years	More than 3 Years	
Undisputed trade receivables considered good	531.35	588.97	53.51	79.24	-	-	1,253.07
Undisputed trade receivables which have significant increase in credit risk	-	30.00	27.72	111.86	83.73	404.30	657.61
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-	-
Disputed trade receivables which have significant increase in credit risk	-	-	-	-	-	54.49	54.49
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
TOTAL (A)	531.35	618.97	81.23	191.10	83.73	458.79	1,965.17
Allowance for expected credit loss	-	30.00	27.72	111.86	83.73	458.79	712.10
Allowance for credit impairment	-	-	-	-	-	-	-
TOTAL (B)	-	30.00	27.72	111.86	83.73	458.79	712.10
TOTAL [(A) - (B)]	531.35	588.97	53.51	79.24	-	-	1,253.07

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Ageing for trade receivables from the due date of payment for each of the category as at March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years	More than 3 Years	
Undisputed trade receivables considered good	376.56	1,124.16	78.59	4.17	6.00	-	1,589.48
Undisputed trade receivables which have significant increase in credit risk	-	40.00	72.00	108.91	31.08	685.11	937.10
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-	-
Disputed trade receivables which have significant increase in credit risk	-	-	-	-	-	54.49	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
TOTAL (A)	376.56	1,164.16	150.59	113.08	37.08	739.60	2,581.07
Allowance for expected credit loss	-	40.00	72.00	108.91	31.08	739.60	991.59
Allowance for credit impairment	-	-	-	-	-	-	-
TOTAL (B)	-	40.00	72.00	108.91	31.08	739.60	991.59
TOTAL [(A) - (B)]	376.56	1,124.16	78.59	4.17	6.00	-	1,589.48

Notes:

- (a) 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.
- (b) The Group's exposure to credit and currency risk related to trade receivables are disclosed in Note 38 A and Note 38 C.
- (c) Trade receivables are receivable in normal operating cycle and are shown net of an allowance for bad or doubtful debts.
- (d) Trade receivables stated above are charged on a first pari-passu basis between working capital consortium members led by Union Bank of India, State Bank of India and IDBI Bank Ltd.

Note 13: Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
- in current accounts	1.28	17.26
Short term Bank deposits (Maturity within 3 months)	756.46	25.51
Cash on hand	38.99	26.68
Total	796.73	69.45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 14: Other bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
Short term Bank deposits (Maturity more than 3 months but less than 12 months)	43.32	117.06
Total	43.32	117.06

Note 15: Other current assets

Particulars	As at March 31, 2022	As at March 31, 2021
Advances other than Capital advances		
Unsecured, considered good:		
Prepaid Expenses	13.72	14.55
Advances and other recoverable	1,351.11	2,324.32
Recoverable from statutory and government authorities		
Unsecured, considered good:		
Electricity duty receivable	22.20	22.20
Less: Provision for Electricity duty	(21.00)	-
PSI incentive & export subsidy receivable	708.06	647.75
Less: Provision for Export Subsidy	(8.61)	-
Milk incentive receivable	86.20	86.20
Less: Provision for Milk Subsidy	(86.20)	-
GST, VAT & Sales tax receivable	-	39.75
Interest Receivable	-	0.01
Unsecured, considered doubtful		
Advances & other recoverables	20.98	21.64
Recoverable from statutory and government authorities	25.24	25.24
Less: Provision for doubtful advances	(46.22)	(46.88)
Unsecured, considered good:		
Interest receivable	28.77	0.07
Grand Total	2,094.25	3,134.85

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 16: Equity share capital**(a) Authorised equity share capital**

Particulars	Number of shares (Nos.)	Face Value	Amount
As at April 1, 2020	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
As at March 31, 2021	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
As at March 31, 2022	10,00,00,000	10.00	1,000.00

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

Particulars	Number of shares (Nos.)	Face Value	Amount
As at 1st April, 2020			
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 1,76,015 share allotted to the Trust)	1,76,015	10.00	1.76
Net Issued, subscribed and fully paid up share capital	8,39,38,567	10.00	839.39
As at March 31, 2021	8,39,38,567		839.39
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 1,76,015 share allotted to the Trust)	1,76,015	10.00	1.76
Net Issued, subscribed and fully paid up share capital	8,39,38,567	10.00	839.39
Add: Issued during the year by ESOP Trust to employees (refer note 49)	-	-	-
Add: Issued during the year (refer note 49)	1,12,61,259	10.00	112.61
As at March 31, 2022	9,51,99,826	10.00	952.00

* excluding shares issued to ESOP trust which are yet outstanding to be issued to employees

(c) 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 INR 10/- per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Equity shares of INR 10 each fully paid				
Mr. Devendra Prakash Shah	1,52,06,400	15.97%	1,52,06,400	18.12%
Mr. Pritam Prakash Shah	91,59,888	9.62%	91,59,888	10.91%
Mrs. Netra Pritam Shah	88,67,027	9.31%	88,67,027	10.56%
International Finance Corporation	67,56,756	7.10%	-	-
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	31,33,534	3.29%	50,42,534	6.01%

(e) Details of shareholdings by the Promoter's of the Company.

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% of total shares	Number of shares	% of total shares
Mr. Devendra Prakash Shah ^	1,52,06,400	15.97%	1,52,06,400	39.13%
Mr. Pritam Prakash Shah ^	91,59,888	9.62%	91,59,888	23.57%
Mr. PRAKASH BABU LAL SHAH	100	0.00%	100	0.00%
Mrs. Netra Pritam Shah ^	88,67,027	9.31%	88,67,027	22.82%
Mrs. PRITI DEVENDRA SHAH ^	22,22,820	2.33%	22,22,820	5.72%
Mr. POOJAN DEVENDRA SHAH ^	32,95,000	3.46%	32,95,000	8.48%
Mr. SHABDALI MITUL DESAI	10,000	0.01%	10,000	0.03%
Mr. SHAH STAVAN PRITAM	100	0.00%	100	0.00%
Mr. RAJANI PRAKASH SHAH	100	0.00%	100	0.00%
Mr. PARAG PRAKASH SHAH ^	1,00,000	0.11%	1,00,000	0.26%
Total Promoters shares outstanding	3,88,61,435	40.82%	3,88,61,435	46.30%
Total shares outstanding	9,51,99,826		8,39,38,567	

^ Pursuant to issuance of Company's shares 1,12,61,259, as detailed in note no. 16 (h)

(f) As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. The above percentage have been computed after excluding 176,015 nos (March 31, 2021 176,015 nos) of equity shares issued to ESOS Trust.

(g) The Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceding the balance sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

(h) The Company has vide board resolution dated May 10, 2021 had issued 67,56,756 equity shares of face value INR 10/- each ("Equity Shares") at a price of INR 111/- (including a premium of INR 101/-) per share, for a total consideration of INR 749,999,916) to International Finance Corporation and 18,01,801 equity shares at a price of INR 111/- (including a premium of INR 101/-) per share, for a total consideration of INR 19,99,99,911 /- to Sixth Sense India Opportunities II and 27,02,702 equity shares at a price of INR 111/- (including a premium of INR 101/-) per share, for a total consideration of up to INR 29,99,99,922/- to Sixth Sense India Opportunities III.

The Company has vide board resolution dated May 10, 2021 had issued 50,00,000 warrants at a price of INR 111/- (including a premium of INR 101/-) to Mr. Devendra P. Shah and 50,00,000 warrants at a price of INR 111/- (including a premium of INR 101/-) to Mrs Netra P. Shah belonging to promoter & Promoter group, entitling them for the subscription of equivalent number of equity shares of INR 10/- each at INR 111/- each {including premium of INR 101/- per share)

The aforementioned issue of equity shares and share warrants are being made for general corporate purpose and working capital requirements.

Note 17: Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Securities Premium	5,837.74	4,447.85
General Reserve	59.26	59.26
Retained Earnings	(1,444.88)	3,927.77
Employee Stock Options Outstanding	-	7.29
Money received against share warrants	25.00	-
Money received against FCCB	106.80	-
Other Comprehensive Income	4.37	(0.14)
Total	4,588.29	8,442.03

Note: For movements in reserves – refer Statement of Changes in Equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Movement in Reserves

Particulars	As at March 31, 2022	As at March 31, 2021
Securities Premium		
Opening Balance (net off Premium on 1,76,015 shares allotted to the ESOP Trust)	4,447.85	4,447.85
Add: Securities premium credited on share issued by Trust to employees	1,389.89	-
Closing Balance	5,837.74	4,447.85
General Reserves		
Opening Balance	59.26	59.26
Add: Transfer from Employee Stock Options Outstanding	-	-
Add: Transfer from Debenture redemption reserve	-	-
Closing Balance	59.26	59.26
Retained earnings		
Opening Balance	2,798.82	2,633.84
Add: Profit after tax for the year	(5,324.95)	207.04
Less: Dividends	(47.69)	(42.06)
Closing Balance	(2,573.82)	2,798.82
Employee Stock Options Outstanding		
Opening Balance	3.91	4.89
Add: Deferred Employee Compensation Expense	(7.29)	(0.98)
Closing Balance	(3.38)	3.91
Other Comprehensive Income		
Opening Balance	(1.11)	(6.91)
Add: Change during the year (net of tax)	4.51	5.80
Closing Balance	3.40	(1.11)
Closing balance	3,323.20	7,308.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Nature and purpose of reserves

(a) The amount received in excess of face value of the equity shares is recognised in the securities premium. This reserve will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 ("the Act").

(b) 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

(c) Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to the shareholders.

(d) Financial Guarantees given by Parag Milk Foods Limited (the Holding Company) on behalf of the Company to its borrowers is accounted at fair value on transition date and the same is considered as deemed contribution from the Holding Company.

(e) The shares option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employee Stock Grant Scheme which are invested as on the reporting date and is net of the deferred employee compensation expense.

(f) Share warrants are instruments that give their holder the right to buy the stock of the issuing company at a predetermined price within a stipulated time frame. They are similar to options, the holder of a warrant has the right (but not the obligation) to purchase the shares of a company at a specified price in the future.

Note 18: Borrowings – Non-current

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
FCCB Bond	739.20	-
Non convertible Debenture (NCD)	1,501.30	-
Term loans		
From banks		
Rupee currency loan	504.47	436.64
Foreign currency loan	-	177.10
Vehicle loan	0.84	1.28
From other parties		
Vehicle loan	21.78	20.35
	527.09	635.37
Less: Current maturity	(171.29)	(302.18)
Total	2,596.30	333.19

Notes:

(a) Indian rupee loans taken by the Holding Company from a bank of INR 504.47 Million (March 31, 2021 : INR 436.64 Million) carry interest @ 9.15%-10.10%. The loans are repayable over 13-85 monthly instalments starting from March 2018, June 2019, July 2019, August 2019, September 2019, December 2019, September 2020, December 2022 along with interest. The loan is secured by pari passu charge on fixed assets and second pari passu charge on current assets of the Holding Company and personal guarantee of Promoter Directors.

(b) Foreign currency loan taken by the Holding Company from a financial institution of INR NIL Million (March 31, 2021: INR 177.10 Million) carries interest @ 4.50%-6.19%. The loans are repayable in 12 semi annual instalments along with interest starting from June, 2016. The loan is secured by first pari passu charge on movable and immovable fixed property of the Holding Company and second pari passu charge of entire current assets of the Holding Company along with other banks and personal guarantees of Directors and their relatives.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

- (c) Hire purchase loan taken by the Holding Company from banks of INR 22.62 Million (March 31, 2021 : INR 21.63 Million) carries interest @ 9.20% to 9.35 % p.a. The loans are repayable in 60 monthly instalments to 36 monthly instalments starting from December 2018, November 2019 & May 2021. The loan is secured by specific assets financed (vehicle).
- (d) Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 28, 2021, the Company has issued 10,680 FCCB bond having face value of USD 1,000/- each to International Finance Corporation. The loans are repayable in 10 semi annual instalments from along with interest rate of 8% p.a. from June 15, 2021. The proceeds from FCCBs issued by the Company shall be used to fund Company's future capital expansion plans (in accordance with ECB regulations).
- (e) Finance Committee of the Company in its meeting held on Tuesday, May 18, 2021, has inter alia approved allotment of 1,500 Unlisted, Secured, Redeemable, Non-Convertible Debentures (NCDs) having Face Value of INR 10,00,000/- each, aggregating to INR 150,00,00,000/- on Private Placement basis to International Finance Corporation (IFC). The loans loan payable as per Redemption Schedule w.e.f. June 15, 2023 to June 15, 2029 in thirteen instalments, half yearly on 15th June and 15th December. The Company shall use the proceeds from the issue of the Debentures pursuant to this Deed to finance its future expansion plans and working capital requirements, in accordance with the Financial Plan and applicable Law.
- (f) Average interest rate for the non-current borrowings is 8.34%

Note 19: Other financial liability

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability	112.29	85.92
Total	112.29	85.92

Note 19A: Other Lease liability

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability	52.19	26.21
Total	52.19	26.21

Note 20: Non-Current - Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for compensated absences (Refer note 40)	2.79	2.95
Provision for gratuity (net) (Refer note 40)	25.52	39.05
Total	28.31	42.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 21: Current - Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Loans repayable on demand		
From banks- Cash Credit	2,409.22	3,175.24
Current maturities of long-term debt (refer note 18)	171.29	302.18
Total	2,580.51	3,477.42

Notes:

- (a) Cash credit availed from banks by Holding Company are secured by first pari passu charge on all current assets and second pari passu charge on property, plant and equipment's of the Holding Company, personal guarantee of Promoter Directors and their relative. The cash credit is repayable on demand and carries interest @ 7.75% p.a. to 11.60% p.a.
- (b) Average interest rate for the current borrowings is 9.86%.
- (c) The Company has a Working Capital limit from various banks. For the said facility, the Company has submitted Stock and debtors statement to the bank on monthly basis as also the Quarterly Information Statements. The average difference is not material and is less than 1% of amount of stock and debtors, which is on account of valuation, provisions, etc. for the quarter ended June 2021, September 2021 and December 2021. However in case of March 2022 quarter there is a difference of INR 4,619.02 Millions, due to one time write off of inventories was done at the year end owing to its perishable nature, change in government policies with respect to restriction on use of specific raw material usage in products thereby leading to non moving stock. Further such stock held was evaluated as spoilage under the lab test done by an independent party and was declared as not fit for further consumption in products.

Note 22: Trade payables - current

Particulars	As at March 31, 2022	As at March 31, 2021
(A) total outstanding dues of micro enterprises and small enterprises; and	8.77	8.97
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	2,249.82	3,032.33
Total	2,258.59	3,041.30

Notes:

Ageing for trade payables from the due date of payment for each of the category as at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues MSME	-	8.77	-	-	-	8.77
Undisputed dues - Others	237.31	1,837.05	84.17	17.37	73.93	2,249.82
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	237.31	1,845.82	84.17	17.37	73.93	2,258.59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Ageing for trade payables from the due date of payment for each of the category as at March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues MSME	-	8.97	-	-	-	8.97
Undisputed dues - Others	198.15	2,044.62	522.06	117.65	149.85	3032.33
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	198.15	2,053.59	522.06	117.65	149.85	3041.30

(b) Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :

*Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came in to force from 2 October, 2006, certain disclosures are required to be made relating to dues to Micro and Small enterprises. On the basis of information and records available with the Management, the following disclosures are made for the amounts due to Micro and Small enterprises:

Particulars	As at March 31, 2022	As at March 31, 2021
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	8.77	8.97
Interest	1.30	8.92
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	10.22	8.92
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	10.22	8.92

(c) The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 23: Other current financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	49.94	12.65
Deposits	93.93	95.34
Employee related Liabilities	88.10	98.17
Trade payable for Capital Goods other than payable to Micro and Small Enterprises	66.36	86.57
Directors remuneration payable (refer note 42)	0.54	8.05
Total	298.87	300.78

Ageing for trade payables for capital goods from the due date of payment for each of the category as at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues MSME	-	-	-	-	-	-
Undisputed dues - Others	-	30.00	19.80	2.82	13.74	66.36
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	-	30.00	19.80	2.82	13.74	66.36

Ageing for trade payables for capital goods from the due date of payment for each of the category as at March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	-	-	-	-	-	-
Undisputed dues - Others	-	35.08	21.41	12.56	17.52	86.57
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	-	35.08	21.41	12.56	17.52	86.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 24: Other Current Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payables	102.30	221.68
Advances from customers	334.17	9.40
Book Overdrawn Balance	-	0.11
Total	436.47	231.19

Note 25: Current - Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for compensated absences (Refer note 40)	4.42	4.53
Provision for gratuity (net) (Refer note 40)	0.33	0.25
Total	4.75	4.78

Note 26: Current Tax Liabilities (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Current Tax Liabilities (net)	(104.85)	1.07
Total	(104.85)	1.07

Note 27: Revenue from Operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Sale of product (excluding GST, as applicable):		
Sale of manufactured goods	20,299.40	17,862.93
Sale of milk products	29.63	9.54
Sales of Cattle Feed	66.37	34.03
Sale of milk - Compost manure	30.76	35.26
Total (A)	20,426.16	17,941.76
Other operating revenues comprise:		
Processing charges	116.94	306.41
Export benefits and incentives	0.25	4.32
PSI incentive	166.56	157.19
Scrap sale	7.63	7.93
Total (B)	291.38	475.85
Total (A+B)	20,717.54	18,417.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Notes:

- (a) 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 INR 166.56 Million (March 31, 2021: INR 157.19 Million) as Other Operating Income in Statement of Profit and Loss.
- (b) Company has also accounted for Milk subsidy amounting to INR Nil Million (March 31, 2021: Nil) and export subsidy amounting to INR 0.25 Million (March 31, 2021: INR 4.32 Million) as Other Operating Income in Statement of Profit and Loss.
- (c) **Revenue from operations**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Within India	20,426.64	18,089.98
Outside India	290.90	327.63
Total	20,717.54	18,417.61

- (d) Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers

Note 28: Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income		
Bank deposits	43.60	8.71
Others	-	11.10
Interest income on security deposit	-	0.68
Foreign exchange fluctuation (Net)	-	9.37
Customer advances written back	19.92	24.78
Fair valuation loss - investment	0.41	2.68
Fair value changes in Livestock	120.60	65.68
Miscellaneous income	25.87	12.09
Total	210.40	135.09

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 29: Cost of materials consumed

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw material consumed		
Inventory at the beginning of the year	111.22	103.74
Add: Purchases	16,576.46	11,798.36
Add: Purchase of fodder/ generation of raw manure	376.50	276.50
Less: Inventory at the end of the year	(109.72)	(111.22)
	16,954.46	12,067.38
Packing material, stores spares & consumables consumed		
Inventory at the beginning of the year	269.59	249.52
Add: Purchases	1,609.26	1,187.93
Less: Inventory at the end of the year	(334.56)	(269.59)
	1,544.29	1,167.86
Total	18,498.75	13,235.24

Note 30: Purchase of Stock in trade

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Milk products	82.40	975.31
Total	82.40	975.31

Note 31: Changes in inventories of work-in-progress and finished goods

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the beginning of the year		
Finished goods	1,687.80	2,135.16
Work-in progress	4,879.23	3,840.44
	6,567.03	5,975.60
Inventories at the end of the year		
Finished goods	1,891.80	1,687.80
Work-in progress	2,451.28	4,879.23
	4,343.08	6,567.03
Total	2,223.95	(591.43)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 32: Employee benefit expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	748.41	697.90
Contributions to provident and other funds (refer note 40)	32.82	33.08
Gratuity (refer note 40)	10.58	11.54
Staff welfare expenses	44.82	40.43
Expense on ESOS (refer note 49)	-	(0.98)
Total	836.63	781.97

Note 33: Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on debts and borrowings	499.98	447.12
Other Borrowing Cost	9.49	10.62
Interest Income Tax	0.12	-
Total	509.59	457.74

Note 34: Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment	470.72	438.13
Amortisation of intangible assets	16.65	15.93
Depreciation of Right of use assets	50.07	32.23
Total	537.44	486.29

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 35: Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Transport, octroi and freight	749.34	689.03
Power and fuel	390.36	381.25
Rent (refer note 43)	129.26	166.79
Rates and taxes	60.22	91.76
Insurance	24.12	27.40
Repairs and maintenance		
- plant and equipments	56.55	61.34
- building	4.25	7.29
- others	14.52	11.76
Other factory expenses	132.10	120.41
labour charges	208.33	197.80
Office expense	39.56	32.90
Exchange fluctuation (net)	71.35	-
Security charges	16.44	17.12
Travelling and conveyance	30.52	22.18
Legal and professional fees (refer note 42)	127.65	91.94
Director's remuneration	48.00	48.00
Sales promotion, commission & advertisement	609.94	361.93
Commission on sales	39.72	31.46
Allowances for doubtful debts and advances (Net)	354.15	131.29
Donations	0.88	0.81
CSR expenses (Refer Note 47)	23.48	40.56
Miscellaneous expenses	305.31	238.20
Hire charges	3.78	3.70
Loss on sale or death of livestock	13.70	16.39
Bank Charges	6.19	9.06
Total	3,459.72	2,800.37

Details of payments to auditors

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Payment to auditors (included in Misc. expense)		
As auditor:		
-Statutory audit fees	3.43	3.70
Total	3.43	3.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

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, 2022

Particulars	Net balance April 1, 2021	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2022
Deferred tax liabilities				
Property, plant and equipment & Intangible assets	245.05	27.97	-	273.02
Fair value of livestock	45.90	33.55	-	79.45
Others	-	-	-	-
Sub-Total	290.95	61.52	-	352.47
Deferred tax assets				
Expected credit loss on financial assets	261.93	(41.38)	-	220.55
IND AS 116	-	-	-	-
IND AS 116		-		-
Expenses allowed on payment basis	16.75	(5.06)	(1.49)	10.20
Unabsorbed losses	34.82	38.62	-	73.44
Sub-Total	313.50	(7.82)	(1.49)	304.19
Minimum Alternate Tax (MAT) credit				
Recognised	8.31	-	-	8.31
Sub-Total	8.31	-	-	8.31
Net Deferred tax assets/(liabilities)	30.86	(69.34)	(1.49)	(39.97)

Note

(a) A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. To the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. Accordingly no Deferred tax Assets has been recognised on unabsorbed losses for the year ended March 31, 2022.

(b) Minimum Alternative Tax (MAT credit) balance as on March 31, 2022 amounts to INR 8.31 Million (March 31, 2021 : INR 8.31 Million). The Company is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

For the year ended March 31, 2021

Particulars	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2021
Deferred tax liabilities				
Property, plant and equipment & Intangible assets	351.57	(106.51)	-	245.06
Fair value of livestock	27.63	18.27	-	45.90
Others	11.72	(11.72)	-	-
Sub-Total	390.92	(99.96)	-	290.96
Deferred tax assets				
Expected credit loss on financial assets	423.93	(162.00)	-	261.93
IND AS 116	1.04	(1.04)	-	-
IND AS 116	-	-	-	-
Expenses allowed on payment basis	17.38	(2.50)	1.89	16.77
Unabsorbed losses	11.58	23.24	-	34.82
Sub-Total	453.93	(142.30)	1.89	313.52
Minimum Alternate Tax (MAT) credit				
Recognised	25.26	(16.95)	-	8.31
Sub-Total	25.26	(16.95)	-	8.31
Net Deferred tax assets/(liabilities)	88.27	(59.29)	1.89	30.87

(b) Income tax expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax		
Current tax on profits for the year	-	61.12
Adjustments for current tax of prior periods	35.07	75.57
Total	35.07	136.69
Deferred tax		
Deferred tax charge/(credit)	52.39	46.55
MAT Credit entitlement	16.95	16.95
Total	69.34	63.50
Income tax expense	104.41	200.19

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

(c) Reconciliation of effective tax rate:

Particulars	2021-2022	2020-2021
Profit before income tax expense	(5,220.54)	407.24
Indian statutory income tax rate	25.17%	34.61%
Expected income tax expense	(1,313.91)	140.94
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of non deductible expenses	(31.17)	53.76
Effect of tax exempt income (exemption under section 80IB)	-	(168.32)
Effect of tax adjustment in respect of earlier years	75.57	(42.26)
Effect of deferred tax in respect of earlier years	-	0.57
Effect of change in tax rate*	28.94	-
Others	24.45	49.55
Income tax expense	(1,216.12)	34.24
Effective tax rate	23.29%	8.41%

* The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised provision for income tax for year ended March 31, 2021.

(d) Amounts recognised in Other comprehensive income

Particulars	2021-2022			2020-2021		
	Before tax	Tax (Expense) / Benefit	Net of tax	Before tax	Tax (Expense) / Benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	6.00	(1.49)	4.51	7.75	(1.95)	5.80

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.

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).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

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.

As at 31 st March 2022	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Other non-current financial assets							
Investments – mutual fund	-	-	-	-	-	-	-
Investments – Others	-	-	-	-	-	-	-
Others							
Loans	-	8.17	8.17	-	-	-	-
Other Financial Assets (non current)	-	104.21	104.21	-	-	-	-
Trade receivable	-	1,253.07	1,253.07	-	-	-	-
Cash and Cash equivalents	-	796.73	796.73	-	-	-	-
Other Bank Balance	-	43.32	43.32	-	-	-	-
Total	-	2,205.50	2,205.50	-	-	-	-
Financial liabilities							
Borrowings – non-current	-	2,596.30	2,596.30	-	-	-	-
Borrowings – current	-	2,580.51	2,580.51	-	-	-	-
Trade Payables	-	2,258.59	2,258.59	-	-	-	-
Current Maturities of long term borrowings	-	-	-	-	-	-	-
Other Financial Liabilities	-	298.87	298.87	-	-	-	-
Total	-	7,734.27	7,734.27	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

As at March 31, 2021	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Other non-current financial assets							
Investments – mutual fund	8.18	-	8.18	8.18	-	-	8.18
Investments – Others	0.02	-	0.02	-	-	0.02	0.02
Others							
Loans	-	4.36	4.36	-	-	-	-
Other Financial Assets (non current)	-	120.83	120.83	-	-	-	-
Trade receivable	-	1,589.48	1,589.48	-	-	-	-
Cash and Cash equivalents	-	69.45	69.45	-	-	-	-
Other Bank Balance	-	117.06	117.06	-	-	-	-
Total	8.20	1,901.18	1,909.38	8.18	-	0.02	8.20
Financial liabilities							
Borrowings – non-current	-	333.19	333.19	-	-	-	-
Borrowings – current	-	3,477.42	3,477.42	-	-	-	-
Trade Payables	-	3,041.30	3,041.30	-	-	-	-
Current Maturities of long term borrowings	-	-	-	-	-	-	-
Other Financial Liabilities	-	300.79	300.79	-	-	-	-
Total	-	7,152.70	7,152.70	-	-	-	-

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 Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Company derives directly from its operations. The Company also holds FVTOCI/FVTPL investments.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

(A) Credit risk

Trade and Other receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. In monitoring customer credit risk, customers are Grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customers. Outstanding customers are regularly monitored.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	March 31, 2022	March 31, 2021
Outstanding for a period not exceeding six months	1,161.35	1,500.20
Outstanding for a period exceeding six months	803.82	1,080.87
Gross trade receivables	1,965.17	2,581.07
Less: Provision for doubtful debts	(712.10)	(991.59)
Net trade receivables	1,253.07	1,589.48

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 1st April, 2020	1,162.68
Less:	Utilised during the year	(297.37)
Add:	Provision during the year	126.27
	Balance as at March 31, 2021	991.58
Less:	Utilised during the year	(287.89)
Add:	Provision during the year	8.41
	Balance as at March 31, 2022	712.10

(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 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.

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(All amounts are in INR Million unless otherwise stated)

Contractual maturities of financial liabilities March 31, 2022	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current	3,308.04	221.04	365.50	2,431.01	3,017.55
Borrowings - current	2,580.51	2,580.51	142.94	332.44	3,055.89
Trade payables	2,262.01	2,262.01	-	-	2,262.01
Actual lease rent payable	164.48	52.20	53.68	57.38	163.26
Other financial liabilities	251.59	251.59	1.23	-	252.82
Total	8,566.63	5,367.35	563.35	2,820.83	8,751.53

Contractual maturities of financial liabilities March 31, 2021	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current	406.38	162.19	113.74	64.49	340.42
Borrowings - current	3,477.42	3,477.42	-	-	3,477.42
Trade payables	3,077.20	3,077.20	-	-	3,077.20
Actual lease rent payable	112.14	26.21	29.33	56.59	112.13
Other financial liabilities	288.14	288.14	-	-	288.14
Total	7,361.28	7,031.16	143.07	121.08	7,295.31

(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, 2022.

(a) The group unhedged exposure to foreign currency risk are as follows

Sr no	Particulars	Currency	As at March 31, 2022		As at March 31, 2021	
			INR	Foreign currency	INR	Foreign currency
A	Financial assets					
(i)	Trade receivables	USD	14.87	0.20	34.19	0.47
B	Financial liabilities					
(i)	Foreign currency loan					
	Bank loan	USD	-	-	177.10	2.41
	Interest Payable	USD	0.14	-	2.32	0.03
(ii)	Trade payables	USD	0.08	-	0.08	-
		EURO	3.89	0.05	10.08	0.12
		AUD	2.56	0.04	2.50	0.05
		GBP	0.06	-	0.07	-

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(b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at 31st March would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
March 31, 2022				
Effect in INR				
1 % movement				
USD	(0.15)	0.15	(0.15)	0.15
EUR	0.04	(0.04)	0.04	(0.04)
AUD	0.03	(0.03)	0.03	(0.03)
GBP	0.00	(0.00)	0.00	(0.00)
March 31, 2021				
Effect in INR				
1 % movement				
USD	1.45	(1.45)	1.45	(1.45)
EUR	0.10	(0.10)	0.10	(0.10)
AUD	0.03	(0.03)	0.03	(0.03)
GBP	0.00	(0.00)	0.00	(0.00)

(i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The group main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

The group's borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, Financial Instruments: Disclosures, 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 Group's interest rate risk arises from borrowings. The interest rate profile of the Group's interestbearing financial instruments as reported to the management of the Company is as follows.

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed rate instruments and variable rate instruments		
Financial assets		
Bank deposits	807.30	145.91
Total	807.30	145.91
Financial liabilities		
Non-current borrowings	2596.30	333.19
Current maturities of non-current borrowings	171.29	302.18
Current borrowings	2509.04	3175.24
Total	5276.63	3810.61

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(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, 2022	March 31, 2021
Interest rates – increase by 100 basis points *	(51.77)	(37.88)
Interest rates – decrease by 100 basis points *	51.77	37.88

* Holding all other variables constant

Note 39: Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Holding Company may adjust its dividend payment (refer note 17) ratio to shareholders, return capital to shareholders or issue fresh shares.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Group's adjusted net debt to equity ratio at March 31, 2022 was as follows.

Particulars	March 31, 2022	March 31, 2021
Borrowings		
Long term and Short term borrowings	5,105.34	3,508.43
Current maturities of Long term borrowings	(28.35)	302.18
Less: cash and cash equivalents	(847.67)	(189.95)
Adjusted net debt	4,229.32	3,620.66
Total Equity	6,162.95	9,904.08
Adjusted net equity	6,162.95	9,904.08
Adjusted net debt to adjusted equity ratio	0.69	0.37

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

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Note 40: Employee benefits

A. Defined contribution plan- Provident Fund/Employee State Insurance

The Company has recognised an amount of INR 32.82 Million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Benefit/Contribution to	2021-22	2020-21
Provident Fund	28.29	27.87
National Pension Scheme	0.32	0.60
Employees State Insurance	3.90	4.61
Labour Welfare Fund	0.31	0.02
Total	32.82	33.09

B. Defined Benefit Plan- Gratuity

"The holding company and its Indian subsidiary 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 holding Company gratuity plan is funded with an Insurance company, whereas that of subsidiary is unfunded.

The defined benefit gratuity plan is administered by a Trust that is legally separate from the Company. The gratuity plan is a funded plan, managed by Life Insurance Company ("LIC") and the Company's makes annual contributions to Group Gratuity cum Life Assurance Scheme managed by LIC.

The most recent actuarial valuation of the defined benefit obligation was carried out as at March 31, 2022. 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 Group to actuarial risks such as: inherent interest rate risk, longevity risk and salary risk.

Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based in government bonds. If bond yield fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

Based on the actuarial valuation obtained in respect of gratuity, the table below sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at the balance sheet date.

Defined benefit plans	2021-22	2020-21
I Expenses recognised in statement of profit and loss during the year:		
Current Service Cost	8.46	9.21
Past Service Cost	-	-
Interest cost on benefit obligation	(1.51)	(1.30)
Expected return on plan assets	3.64	3.63
Total Expenses	10.59	11.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Defined benefit plans	2021-22	2020-21
II Expenses recognised in OCI		
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(0.08)	-
Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO	(1.15)	-
Actuarial (Gain)/ Losses due to Experience on DBO	(4.46)	(8.02)
Return on Plan Assets (Greater) / Less than Discount rate	(0.31)	0.20
Total Expenses	(6.00)	(7.82)
III Net Asset / (Liability) recognised as at balance sheet date:		
Present value of defined benefit obligation	(63.55)	(65.14)
Fair Value of Plan Assets	37.70	25.84
Funded status [Surplus/(Deficit)]	(25.85)	(39.30)
IV Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	65.14	64.64
Current Service Cost	8.46	9.21
Past service cost	-	-
Interest Cost	3.77	3.74
Actuarial (Gain)/Loss	(5.69)	(7.94)
Benefits paid	(8.13)	(4.50)
Present value of defined benefit obligation at the end of the year	63.55	65.15
V Movements in fair value of the plan assets		
Opening fair value of plan assets	25.84	22.13
Expected returns on Plan Assets	1.65	1.42
Actuarial (Gain)/Loss on Plan assets	0.31	(0.20)
Contribution from Employer	18.03	6.99
Benefits paid	(8.13)	(4.50)
Closing fair value of the plan asset	37.70	25.84
VI Maturity profile of defined benefit obligation		
Within the next 12 months (next annual reporting period)	14.61	12.00
Between 1 to 5 years	30.67	34.04
Between 6 to 10 years	24.05	24.12
Over 10 years	-	-
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	(0.11)	(0.11)
(i) -100 basis points decrease in discount rate	0.12	0.12
(iii) +100 basis points increase in rate of salary increase	0.12	0.12
(iv) -100 basis points decrease in rate of salary increase	(0.11)	(0.11)

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Defined benefit plans	2021-22	2020-21
2 Sensitivity analysis method		
Sensitivity analysis performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.		
VIII Actuarial Assumptions: (Parag)	2021-22	2020-21
1 Discount rate	6.37%-6.54%	6.40%-6.51%
2 Expected return on assets	6.37%	6.40%
3 Expected rate of salary increase	6.00% - 7.00% p.a	6.00% - 7.00% p.a
4 Withdrawal rate	12.00% - 14.00%	12.00% - 14.00%
5 Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

(a) The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.

(b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) The gratuity fund of holding Company is managed by life insurance company, details of fund invested by insurer are not available with company.

(d) The Group expects to make a contribution of INR 14.28 Million to the defined benefit plans (gratuity - funded) during the next financial year.

(e) The average duration of the defined benefit plan obligation at the end of the reporting period is 6.41 years.

C. Annual Leave and Sick Leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended March 31, 2022 based on actuarial valuation carried out by using Projected Unit Credit method resulted in decreased in liability by INR 0.56 Million. (Previous Year- increased by INR 0.39 Million)

Financial Assumptions	2021-22	2020-21
Discount Rate	6.37% - 6.54%	6.40% - 6.51%
Basic salary increases allowing for Price inflation	6.00% - 7.00%	6.00% - 7.00%

Demographic Assumptions	2021-22	2020-21
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	12% - 14%	12% - 14%
Leave Availment Ratio	15% for first two years	15% for first two years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Note 41: Contingent liabilities and Commitments

Sr no	Particulars	As at March 31, 2022	As at March 31, 2021
(A) Contingent liabilities			
a)	Sales tax matter under litigation in respect of Company for FY 2009-10, F.Y. 2010-11 and FY 2016-17 for pending forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	50.32	63.40
b)	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 7th March, 2012 in the Court of Honourable Civil Judge, Senior Division, Pune for damaged goods supplied by the holding Company. The amount includes interest of INR 20.37 Million	-	70.68
c)	Goods and Service Tax matter under litigation in respect of Company for FY 2017-18	7.85	7.85
d)	Goods and Service Tax matter under litigation in respect of Company for FY 2017-18	-	59.70
e)	Sales Tax matter under litigation in respect of Company for FY 2017-18 for pending forms	6.50	6.50
f)	Income tax matter under litigation for the AY 2012-13 to AY 2019-20	292.12	38.82
g)	Maharashtra Value Added tax matter under Appeal for the AY 2017-18	0.59	-
h)	Corporate Guarantee given by the Company for Loan taken by suppliers from Bank	200.00	200.00
(B) Commitments			
	"Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)"	194.41	80.44

Notes:

- The Company is involved in other disputes, lawsuits, claims, inquiries and proceedings including commercial matters that arise from time to time in the ordinary course of business. The Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.
- The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any, for ongoing issues where no claims have been made against the Group.
- Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

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Note 42: Related Party Disclosures

Details of related parties:

Description of relationship	Name of the related parties
Key Management Personnel (KMP) of Holding Company	Mr. Devendra Shah – Chairman
	Mr. Pritam Shah – Director
	Mr. Venkat Shankar – CEO (till June 29, 2020)
	Mr. Shashikant Dalmia – CFO (till Dec 30, 2021)
	Mrs. Rachana Sanganeria – CS
	Mr. Nitin R. Dhavalikar – Director
	Ms. Radhika Dudhat – Director
	Mr. Narendra Ambwani – Director
	Mr. Ramesh Chandak – Director
	Mr. B. M. Vyas – Director (till June 29, 2022)
	Mr. Sunil Goyal – Director (till May 25, 2020)
Relative of Key Management Personnel	Late Mr. Parag Shah
	Mr. Prakash Shah
	Miss. Akshali Shah
	Mr. Poojan Shah
	Mrs. Priti Shah
	Mrs. Netra Shah
	Mr. Stavan Shah
Entity in which KMP can exercise significant influence	Bharat Trading Company
	SBM Advisors LLP

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Details of related party transactions For the year ended on March 31, 2022:

Particulars	2021-22	2020-21
Remuneration to Key Management Personnel and their relatives *		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Venkat Shankar	-	4.87
Shashikant Dalmia	8.27	7.09
Rachana Sanganeria	2.60	2.37
Akshali Shah	4.22	3.48
Poojan Shah	0.83	0.56
Stavan Shah	0.56	0.09
Netra Shah	0.56	0.56
Rent Payment		
Devendra Shah	4.64	3.24
Pritam Shah	0.30	0.30
Priti Shah	0.24	0.24
Netra Shah	0.24	0.24
Consultancy fee including out of pocket expenses		
B.M. Vyas	1.38	8.40
Reimbursement of expenses KMP		
Devendra Shah	0.63	0.23
Pritam Shah	1.32	-
Director sitting fees		
Nitin R. Dhavalikar	1.70	1.10
Radhika Dudhat	1.00	0.70
Narendra Ambwani	1.30	0.90
Ramesh Chandak	1.60	1.00
BM Vyas	0.70	-

* The remuneration to the key managerial personnel and their relatives (if any) comprises of only short term benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

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Details of balances outstanding as at March 31, 2022 for related party transactions

Particulars	As at March 31, 2022	As at March 31, 2021
Amount Payable to		
Devendra Shah	0.62	0.16
Pritam Shah	0.08	-
Rachana Sanganeria	0.22	-
B.M. Vyas	0.32	-
Akshali Shah	0.36	-
Poojan Shah	0.07	-
Netra Shah	1.20	0.05
Priti Shah	0.93	-
Stavan Shah	0.05	-
Parag Shah	0.26	4.35
Personal guarantee issued by		
Devendra Shah, Pritam Shah, Parag Shah, Prakash Shah, Netra Shah and Priti Shah	6,620.86	224.56

Note 43: Disclosure pursuant to Indian Accounting Standard (Ind AS) 116, Leases

A. Right-of-Use assets

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.

Carrying Value	As at March 31, 2022	As at March 31, 2021
Opening Balance	156.41	156.41
Additions	95.27	-
Disposal / derecognized during the year	-	-
Closing Balance	251.68	156.41

Accumulated depreciation	As at March 31, 2022	As at March 31, 2021
Opening Balance	51.47	19.24
Additions	50.07	32.23
Disposal / derecognized during the year	-	-
Closing Balance	101.53	51.47

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B. Lease Liabilities

Particulars	2021-22	2020-21
Opening balance	112.14	140.28
Addition	70.49	-
Accredition of interest	20.42	13.97
Payments	38.57	42.11
Total	164.48	112.14

Lease liabilities	2021-22	2020-21
Lease rentals due		
Current	52.20	26.21
Non - current	112.29	85.93
Total	164.48	112.14

C. Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below: (Lease liabilities)

Lease liabilities	As at March 31, 2022	As at March 31, 2021
Lease rentals due		
Not later than one year	62.64	37.02
Later than one year and not later than five years	181.34	99.23
Total	243.98	136.25

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

D. Amounts to be recognised in Statement of Profit and Loss for the year ended March 31, 2022

Particulars	2021-22	2020-21
Depreciation expense of Right-of-Use assets	50.07	32.23
Interest expense on lease liabilities	20.42	13.97
Total	70.49	46.20

E. Lease rent

Particulars	2021-22	2020-21
Lease payments recognised for short term leases in Statement of Profit and Loss during the year	128.36	164.62
Total	128.36	164.62

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Note 44: Earnings per share

Particulars	2021-22	2020-21
Profit/(Loss) attributable to Equity shareholders (INR in Million) (A)	(5,324.95)	207.05
Weighted average number of Equity shares (Nos) for basic EPS (B)	9,35,61,825	8,39,38,567
Effect of Dilution :		
Weighted average number of Treasury shares held through ESOP Trust	1,76,015	1,76,015
Number of shares under share warrant and FCCB	21,36,364	-
Weighted average number of Equity shares (Nos) adjusted for the effect of dilution (C)	9,58,74,203	8,41,14,582
Basic EPS (Amount in INR) (A/B) (INR)	(56.91)	2.47
Diluted EPS*(Amount in INR) (A/C) (INR)	(55.54)	2.46

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 45: Accounting Ratio

No.	Particulars	FY 2021-22	FY 2020-21	Methodology
1	Current Ratio (in times)	1.59	1.67	Current assets over current liabilities
2	Debt - Equity Ratio (in times)	5.56	4.64	Debt over total shareholders' equity
3	Debt Service coverage ratio* (in times) ¹	(2.28)	2.02	Net Profit before non cash operating expense and interest over current debt
4	Return on equity (in %) ²	(-)595%	25%	PAT over total average equity
5	Inventory Turnover Ratio (in times) ³	3.53	2.77	Sales over average inventory
6	Trade receivables turnover ratio (in times) ⁴	14.58	7.97	Revenue from operations over average trade receivables
7	Trade payables turnover ratio (in times) ⁵	7.04	4.76	Adjusted expenses over average trade payables
8	Net capital turnover ratio (in times) ⁶	6.20	3.86	Revenue from operations over working capital
9	Net profit ratio (in %) ⁷	(-)25%	1%	Net profit over revenue
10	Return on capital employed (in %) ⁸	(-)96.11%	2.23%	PBIT over capital employed
11	Return on investment (in %) ⁹	10.00%	39.07%	Interest income, net gain on sale of investments and fair value gain over average investments

Explanation for variance exceeding 25% :

- Company having to record an one-time write-off & provisions consequent to the pandemic situation and change in law, this impacted the EBIT negative. The Debt Service coverage ration became negative due to this.
- PAT (Loss) has increased due to one time stock write off taken by the Company (refer note 1)
- Inventory turn around times increased during the year. Company is further looking to increase the turn around times.
- Trade receivable turnover ratio increased during the year. It's a positive sign towards better receivable management.
- The company has reduced the credit days to get better competitive rate and quantity to mitigate the demand.
- Net capital turnover ratio is increased. Company is better utilising the Working capital.
- Net profit ratio is reduced due to One time stock write off taken by the company. (refer note 1)
- Return on capital employed is negative due to one time stock write off taken by the Company (refer note 1)
- The return on investment changes due to fair valuation impact.

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(All amounts are in INR Million unless otherwise stated)

Note 46: Segment reporting

The Managing Director of the holding Company acts as the chief operating decision maker (CODM) of the Group Companies in accordance with Indian Accounting Standard (Ind AS) 108, Operating Segments, for purpose of assessing the financial performance and position of the group, and make strategic decisions. The group's business activities are mainly related to processing of milk and manufacturing of milk related products, which are primarily assessed as a single reportable operating segment in accordance with Ind AS 108 by the CODM. The information based on geographical areas in relation to revenue and non-current assets are as below:

Revenue from operations

Particulars	2021-22	2020-21
Within India	20,426.64	18,034.41
Outside India	290.90	383.20
Total	20,717.54	18,417.61

Non-current operating assets

All non -current assets other than financial instruments, deferred tax assets of the group are located in India

The group does not have revenues from transactions with a single external customer amount to 10 per cent or more of the total revenues.

Note 47: Biological Assets

A Nature of Activities

The subsidiary Company's biological assets comprises of livestock (dairy cows).

Livestock is measured at fair value less costs to sell, with any resulting gain or loss recognized in the statement of profit and loss. The subsidiary Company's livestock comprises of both mature and immature livestock.

Immature livestock comprises dairy cows that are intended to be reared to maturity. These cows are held to produce milk or offspring, but have not yet produced their first calf and begun milk production.

Mature livestock includes dairy cows that have produced their first calf and begun milk production.

Other livestock comprises of cows that are going through the dry phase of their life cycle.

Particulars	Headcount	
	As at March 31, 2022 (Heads)	As at March 31, 2021 (Heads)
Immature cows	1051	1015
Mature cows	1356	1171
Other cows	204	208
Total	2611	2394
Total milk production(In Ltrs)	91,28,936	79,25,877

The subsidiary Company is exposed to fair value risks arising from changes in price of raw milk. The Subsidiary Company does not anticipate that the price of the raw milk will further decline significantly in the foreseeable future and the Company is of the view that there is no available derivative or other contracts which the Company can enter into to manage the risk of a decline in the price of the raw milk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

B FAIR VALUE MEASUREMENTS

Fair Value Hierchy

Particulars	As at March 31, 2022	As at March 31, 2021	Fair Value Hierchy
Livestock (Cow)	505.50	402.60	Level 3

Valuation Technique used in the Fair Value Measurement

Particulars	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Livestock (Milking cows)	The fair values of dairy cows is determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such dairy cows.	<ul style="list-style-type: none"> Estimated feeding cost/ milking cow Estimated milk yield/ milking cow Estimated weighted average selling price of milk / Litre Discount rate 	<ul style="list-style-type: none"> Estimated feeding cost/ milking cow increase by 1% would reduce the fair valuation by INR 29.47 Million and INR 24.13 Million as of March 31, 2022 and 2021. Estimated milk yield/ milking cow increase by 1% would increase the fair valuation by INR 21.48 Million and INR 15.16 Million as of March 31, 2022 and 2021. Estimated weighted average selling price of milk / litre increase by INR 1/ litre would increase the fair valuation by INR 20.60 Million and INR 21.96 Million as of March 31, 2022 and 2021. Discount rate increase by 1% would reduce the fair valuation by INR 20.81 Million and INR 18.30 Million as of March 31, 2022 and 2021.

The Group is exposed to a number of risks relating to its agricultural activities:

• Regulatory and environmental

The Group is subject to various local laws and regulations, and it has established policies and procedures aimed at ensuring compliance with the same.

• Supply and demand

The Group is exposed to the risk arising from fluctuations in milk prices. The Company does not anticipate that the price of the raw milk will decline significantly in the foreseeable future. Further, there are no available derivatives or other contracts available in the market for managing such risk.

• Climate and other risks

The subsidiary Company's livestock is exposed to risk of adverse climatic conditions and diseases etc. The Company has extensive processes in place to address the risk by having an in-house veterinary doctor and dispensary, regular health checkups of livestock cattle. The Company also has taken an insurance cover for its livestock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 48: Disclosure on CSR Expense

Particulars	2021-22	2020-21
1. Gross amount required to be spent by the Group during the period.	23.40	29.83
2. Amount spent during the year on:	-	-
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	23.48	40.56
3. Shortfall at the end of the year	-	-
4. Total of previous years shortfall	-	-
5. Reason for shortfall	N.A.	N.A.
6. Nature of CSR activities	CSR projects of Parag Milk Foods Limited are focused on promotion of quality education, promotion of health care and animal welfare	CSR projects of Parag Milk Foods Limited are focused on promotion of quality education, promotion of health care and animal welfare
7. Details of related party transactions in relation to CSR expenditure:	-	-

Note 49: Employee Stock Option Scheme:

The Board of Directors constituted the equity settled Employee Stock Option Scheme ("ESOS 2015") vide its resolutions dated February 27, 2015 and April 21, 2015 for issue of 696,339 stock options to the key employees of the holding Company, which has been further approved in the Holding Company's Extra ordinary General meeting dated April 3, 2015 and May 16, 2015.

Pursuant to the above scheme, the Board of Directors vide its circular resolution dated September 3, 2015, approved grant of 227,000 stock options to its employees on September 4, 2015.

The Company has in its Board Meeting dated November 01, 2018 approved the grant of 166,015 options to the eligible employees of the Company at a fair market value of INR 258.90 (Two Hundred Fifty Eight Rupees and Ninety Paise) per option (based on the closing market price of INR 258.90 of the Company's shares on NSE as on October 31, 2018) under the Parag Milk Foods Limited – Employee Stock Option Scheme, 2018 – "ESOS 2018" (erstwhile ESOS2015 under the ESOS Scheme 2015, renamed as ESOS Scheme 2018, besides renaming of the scheme to ESOS 2018, the other terms and conditions will remain the same as stated in ESOS 2015.) The Board of Directors approved fresh grant of ESOP options 1,66,015 at a fair market value of INR 258.90 per option under Parag Milk Foods Limited – Employee Stock Option Scheme – 2018 "ESOS 2018" (erstwhile ESOS-2015 under the SSOS scheme 201, renamed as ESOS scheme 2018, besides remaining of the scheme to ESOS 2018 the other terms and conditions will remain the same as stated in ESOS 2015.

According to ESOP 2018, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 years. The other relevant terms of the grant are as below. The fair valuation of the option have been computed as per the black scholes pricing model.

Vesting Period	1 years
Exercise Period	2 Years
Expected Life	2 Years
Exercise Price	INR 258.90
Fair value using Black Scholes model on grant date	INR 71.14
Date of grant	1-Nov-18

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

The details of activity under ESOS 2018 are summarized below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of options	WAEP (INR)	No. of options	WAEP (INR)
Outstanding at the beginning of the year	1,02,039	258.90	1,15,765	258.90
Granted during the year	-	-	-	-
Forfeited / Lapsed during the year	1,02,039	258.90	13,726	258.90
Exercised during the year	-	-	-	-
Outstanding at the end of the year:	-	-	1,02,039	258.90
of which Options vested and exercisable at the end of the year	-	-	-	-

Particulars	As at March 31, 2022	As at March 31, 2021
Dividend yield (%)		
Expected volatility	34.95%	34.95%
Risk-free interest rate	7.40%	7.40%
Weighted average share price	258.90	258.90
Exercise price (INR)	258.90	258.90
Expected life of options granted in years	2	2
Life of option remaining in months	0	0

The expected option life is assumed to be approximately half way between the option vesting period and contractual term of the option. Since the vesting period and contractual term is different, the expected life of the option will be different. The expected option life is calculated as Year to Vesting + (Contractual Option Term) / 2. Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the option.

Expenses Arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	2021-22	2020-21
Employee option Plans	-	(0.98)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

Note 50: 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	99.11%	5,490.92	99.37%	(5,291.55)	111.53%	5.03	99.36%	(5,286.52)
Sub-total	99.11%	5,490.92	99.37%	(5,291.55)	111.53%	5.03	99.36%	(5,286.52)
Subsidiary (Indian)								
Bhagyalaxmi Dairy Farm Private Limited	0.89%	49.37	0.63%	(33.40)	(-)11.53%	(0.52)	0.64%	(33.92)
Sub-total	0.89%	49.37	0.63%	(33.40)	(-)11.53%	(0.52)	0.64%	(33.92)
Total	100.00%	5,540.29	100.00%	(5,324.95)	100.00%	4.51	100.00%	(5,320.44)
Consolidated Net Assets/ Loss after tax		5,540.29		(5,324.95)		4.51		(5,320.44)

Note 51: The List of subsidiary included in Consolidated Financial Statements is as under:

Name of the subsidiary company	Principal place of business	Proportion of direct ownership as on March 31, 2022	Proportion of direct ownership as on March 31, 2021
Bhagyalaxmi Dairy Farm Private Limited	India	100%	100%

Note 52: Disclosure pursuant to Indian Accounting Standard (Ind AS) 27, Separate Financial Statements

The Group did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.

Note 53: No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III :

- The Group does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the year.
- The Group has not come across any transaction occurred with struck-off companies under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- The Group has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.
- The Group does not have any charges or satisfaction of charges which is yet to be registered with the Registrar of the Companies beyond the statutory period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

(vi) Utilization of borrowed funds and share premium :

- (I) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
- (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- (II) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

(vii) The Income Tax Department (the 'Department') conducted a search (the 'Search') under Section 132 of the Income Tax Act, 1961, on the Company and its subsidiary at certain premises/locations in the month of November 2021. The Company has received a *Panchanama* dated 27th November, 2021. Other than the above, the Company has not received any communication in this regard.

(viii) The Group has not revalued its Property, Plant and Equipment during the year.

(ix) The Group has not revalued its intangible assets during the year

Note 54:

The Group has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year-end, the Group has reviewed all such contracts and confirmed that no provision is required to be created under any law / accounting standard towards any foreseeable loss.

Note 55:

The Code on Social Security, 2020 (the 'Code') relating to employee benefits during employment and post-employment benefits received the President's assent on September 28, 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment has released the draft Rules for the Code on November 13, 2020 and has invited suggestions from the stakeholders. However, the date on which the Code/Rules will come to effect has not been notified.

The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

Note 56:

Based on its ongoing assessment, the Group identified certain unpredictable and unforeseeable cumulative material impacts of the continuing COVID-19 pandemic (in its various intensity since its manifestation in FY2020-21) consequences on its current year's performance.

The Group has evaluated the repercussion of COVID-19 on the carrying value of inventories, trade receivable, and loans & advances basis the internal and external sources of information and determined, that the carrying values of inventories and loans & advances need written-down / provisions over and above the normal requirement in the quarter-end March 2022/year-end consolidated financial results.

The Parent Company in order to maintain its goodwill and relationships with the farmers consciously continued to procure all the of milk that the farmers supplied at at it's plants. The Parent Company's forecast for selling the value-added products produced from the excess milk, unfortunately, got disrupted due to frequent lockdowns that affected the supplies to HORECA, (Hotels, Restaurants, and Catering) large institutions, and corporate buyers (B2B sales portfolio) as they strategically curtailed their business operations for survival. Since, the Parent Company primarily produces/ manufactures products which are perishable in nature, and are governed and regulated by strict production and storage norms notified by FSAI, the Parent Company had to mandatorily write-down the inventories lying with it.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for year ended March 31, 2022

(All amounts are in INR Million unless otherwise stated)

There was also a sudden change in the Government's Policies with respect to infant food due to which the company could not supply the stocks of Whey Protein, the main ingredient in the infant food formula to the relevant players. The Parent Company had an inventory of this product that was not moving for a few months and the same had to be written-off. Further, the Parent Company sent samples to NABL-approved lab and also appointed an independent accounting firm to evaluate the quantity and the value of the inventories requiring write-down as an additional precautionary measure.

In addition, the Government issued a Notification which fixed the base selling price of milk procurement from farmers so that their livelihood is protected. This resulted in an increase in our cost of materials procurement prices as evidenced by the Price Settlement Agreement entered into with the milk aggregators. The impact of the above on the financials is INR 1179.84 Million, which was adjusted against milk advances and cost of materials consumed.

Due to the consequential impact of the above, the write-off of inventories to net realisable value as at March 31, 2022 amounted to INR 5095.46 Million; (Previous year 2020- 21: INR Nil). The write-down is included in cost of materials consumed or changes in inventories of finished goods and work-in-progress.

Inspite of the Company having to record an one-time write-off & provisions consequent to the pandemic situation and change in law, the Company envisages no material uncertainty in meeting the financial obligations over the foreseeable future.

Note 57:

The consolidated financial statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings conducted on June 30, 2022.

Note 58:

Figures of the Previous year have been regrouped wherever necessary to confirm to the current year in order to comply with the requirement of the amended Schedule III to the Companies Act, 2013 effective from April 1, 2021.

Signatures to Notes 1 to 58

SHARP & TANNAN

Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin P. Augustine

Partner
Membership No. 043385

Place: Mumbai

Date: June 30, 2022

For and on behalf of the Board of Directors

Devendra Shah

Chairman
DIN: 01127319

Surendra Malaviya

Interim Chief Finance
Officer

Place: Mumbai

Date: June 30, 2022

Pritam Shah

Managing Director
DIN: 01127247

Rachana Sanganeria

Company Secretary &
Compliance Officer
Membership No. ACS:10280

NOTICE

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Ideas for a new day

CIN: LI5204PN1992PLC070209

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