



August 24, 2021

To, Compliance Department <b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001	To, Compliance Department <b>National Stock Exchange of India Limited</b> Exchange Plaza, Plot No. C/1, G-Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051
<b>Scrip Code: 539889</b>	<b>Scrip Symbol: PARAGMILK</b>

Dear Sir / Madam,

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

**Sub: Intimation of 29<sup>th</sup> Annual General Meeting and Annual Report of FY 2020-2021**

This is to inform you that the **Twenty Ninth Annual General Meeting (“AGM”) of the Members of the Company will be held on Wednesday, September 15, 2021 at 4.00 p.m. (IST)** through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), in accordance with the relevant circulars issued by Ministry of Corporate Affairs (“MCA”) and Securities and Exchange Board of India (“SEBI”), inter alia, to transact the businesses stated in the Notice convening the said AGM.

Pursuant to Regulations 30(2) and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Notice of the 29<sup>th</sup> AGM and the Annual Report for the financial year 2020-21 for your information and records. In compliance with relevant circulars issued by MCA and the SEBI, the Notice of the AGM along with the Annual Report are sent only by email to those Members whose e-mail IDs are registered with Depositories / the Company / the Registrar and Share Transfer Agent. Additionally, the Notice of the AGM and the Annual Report are also being available on the website of the Company at [www.paragmilkfoods.com](http://www.paragmilkfoods.com) under Investors Tab.

Further, in terms of Section 108 of the Companies Act, 2013 relevant rules, the Company has fixed **September 08, 2021** as the cut-off date for determining the eligibility of the members to cast their vote through remote e-Voting or through e-Voting for the said 29<sup>th</sup> AGM,

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

Request you to take the same on record.

Thanking you,

For **Parag Milk Foods Limited**

Rachana Sangneria  
**Company Secretary and Compliance Officer**  
ACS No.: 10280

Encl: a/a





Ideas for a new day



# WHOLESOME LIVING

PARAG MILK FOODS LIMITED  
ANNUAL REPORT 2020-2021





# Contents

## CORPORATE OVERVIEW

A prelude to wholesome living	02
Our story of wholesome living	04
Our wholesome strategy for value addition and sustainability	08
Our financial performance	10
We are Parag Milk Foods	12
Our wholesome approach	18
Our wholesome offerings	20
Our wholesome offering for every strata	29
All about our manufacturing	30
The future of dairy farming	34
Our consumer engagement drive	36
Navigating through the COVID-19 crisis	40
ESG update	42
Corporate Social Responsibility	50
Message from Chairman	54
Message from Managing Director	56
Board of Directors	58
Management Team	60
Corporate Information	61

## STATUTORY REPORTS

Management Discussion and Analysis	62
Directors' Report	74
Corporate Governance Report	96
Business Responsibility Report	120

## FINANCIAL STATEMENTS

Standalone	132
Consolidated	186

### Management assurance statement

The contents of this Report have been reviewed by the Company's Senior Management under the guidance of the Board. This has ensured the integrity, accuracy and completeness of the information disclosed in the Report. Forward looking statement In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. The Report contains anticipated results based on the Management's plans and assumptions. We cannot guarantee that these

### Forward-looking statements:

Will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, the actual results could vary materially from those anticipated, estimated or projected. Readers should keep in mind that we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future event or otherwise.





# A prelude to wholesome living

A life full of fun, frolic and food! Cooked at home, ordered from outside or enjoyed outside of our homes.

A food experience that quenches the taste buds while also nourishing the body and soul,

A multicuisine restaurant that serves 'Dadi ke hath ki kheer' over the Sunday brunch to the teenage granddaughter's tryst with homemade pizza for the family dinner.

A life that shapes the grandson blossom into a complete man from the blue-eyed boy that he always was along with the entire family and also the neighborhood,

A lush green landscape with healthy cows foraging on the choicest menu and they being taken care of like the queens by lakhs of farmers providing their daily livelihood of milk twice a day to the overall community who takes pride in the Company for being at their side during difficult times to the vendors and transporters who feel more than part of the family.

Welcome to wholesome living, a precious gift that Parag Milk Foods Limited (PMFL) is bringing to the homes and lives of millions of Indians.

From awesome food to handsome dudes to heartsome beverages to delightful garnishing to lovesome bonding, PMFL brings to the aspirational, upwardly mobile Indian consumer households a myriad of food, beverage and wellness

possibilities that are age-old, virtuous complete food, Milk, possessed.

At PMFL, we are passionate about discovering many shades of white, for greater consumer good and keep presenting innovations that are pioneering and ahead of time. Because, our consumers deserve nothing less than the best. Nothing less than a wholesome living.



# Our story of wholesome living

As the world stares at one of the most unprecedented times in the history of mankind, the importance of wholesome living has become all the more relevant! The pandemic has highlighted all things that we were initially oblivious to and forced us to align ourselves with the new normal, and pay heed to our health and wellness. Today, the impetus is more on a balanced diet and immuno-boosters have become everyone's staple. The pandemic has necessitated the urgency for careful consideration of health & fitness intake by people of all age groups, gender and ethnicity. And, it is here that the Parag Milk Foods has a pivotal role to play.

We, at Parag Milk Food, are surely a potent medium of promulgating wholesome living through our gamut of offerings like Milk, Ghee, Cheese, Curd, Beverages, Paneer, Whey protein, Butter, etc. Our relentless effort to bring in quality products for our consumers has made us stand out during the current pandemic situation and despite all odds, we have managed to stay the course.

We have been an initiator of a better life for all our stakeholders for wholesome living. We stayed close to the ground and continued to engage all our stakeholders by standing with them during this tough time. We stood with our farmers and procured every drop of milk in these testing times, continued to motivate all our factory workers with a COVID safe environment, daily cash incentives and plant-to-home safe mobility solution. We continued

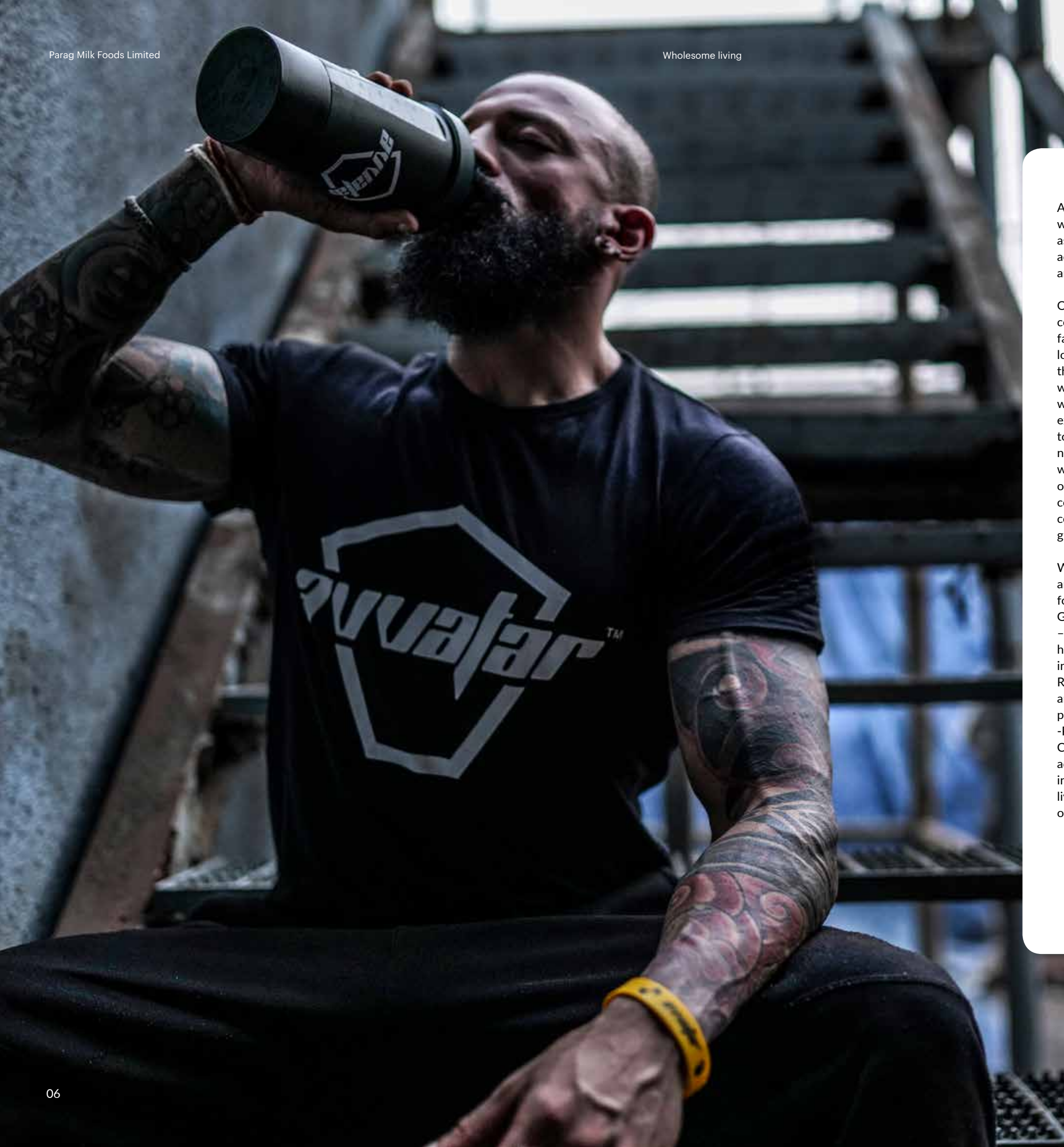
with uninterrupted operations, wherein our plants continued to operate at almost full utilization levels. Amidst restrictions and lockdowns, we ensured that our last-mile connectivity remains intact and our products continue to reach shelves on time. This is how, we brought together, to unify a complementary set of businesses and target an opportunity by leveraging our collective market strength, brand influence, innovation power and distribution reach to provide a wholesome living.

During the lockdown, we have been a strong pillar for our most trusted partner, the farmers wherein we built stronger ties with them. We kept on procuring milk from them and ensured much higher milk collection when there was a lesser demand. This solidarity with the farmers not only helped us win the trust of our faithful partner and an important stakeholder but also made us an important channel of livelihood for them in the challenging times of COVID-19.

The lockdowns not only restricted the movement of stocks but also limited the accessibility of manpower and logistics. However, we overcame the situation by adopting several steps of cost rationalization efforts, which in turn, helped us minimise the adverse impact on profitability. One of the major areas where we took proactive decisions and put relentless efforts towards fruition was distribution and supply chain.







As a part of the trust-building exercise, we went on to adapt and align our distribution as well as the supply chain set up accordingly and introduced new products and several brand-building efforts.

Our efforts were not only limited to meeting consumer's needs and empowering the farmers economically and establishing a long-lasting association and trust with the dairy farmers community but we also worked on revving up our technological wing to bring innovative products par excellence and forging ties that helped us to come up with cost-efficient distribution network. We opted for targeted marketing wherein we combined the excellence of our products and avant-garde practices of co-operatives at the backend and FMCG companies at the frontend that helped us grow sustainably.

We have focused on further consolidating and strengthening by concentrating on four core categories - Gowardhan Ghee, Gowardhan Paneer, Go Cheese and Avvatar - Whey protein. This focussed approach helped us achieve the highest ghee sales in summer and cheese sales in winter. Remaining true to our DNA of innovation and wholesome living we extended our premium brand offering by launching -Pride of Cows Ghee and Pride of Cows Curd, We have not only succeeded in advocating wholesome living through our innovation but also assuring sustainable living through our eco-friendly practices of reuse, recycle and reduce. Considering

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the importance of sustainability and environmental friendliness, we have adopted the practices like installing latest ETP technology, wastewater and air pollution management, etc. Further on, we have achieved a substantial operational efficiency right from product enhancement to establishing farmer's livelihood, and consumer engagement, which has resulted in wholesome living, and thus this has become the way of our business.



# Our wholesome strategy for value addition and sustainability

We have continued with a focused approach towards creating value in all our functions.



## Increased value-added product portfolio by

- Offering a wider range of Farm-to-Home products under 'Pride of Cows'
- Focussing on health & nutritional aspect in developing premium products
- Converting high-selling HoReCa products into consumer packs and providing consumers restaurant like feeling at home



## Enhanced product reach by

- Strengthening distributor and stockists base to achieve higher retail penetration
- Introducing low unit price products in Tier III cities
- Identifying specific states and regions in India to increase sales volumes
- Automation of sales force and distribution touch points



## Increased operational efficiencies

We leveraged in-house technological R&D capabilities in order to:

- Maintain strict operational controls
- Enhance consumer service levels
- Develop customised systems & processes



## Strengthened our brands via

- Enhancement of brand recall through strategic branding initiatives
- Employed various channels like traditional media, digital media, influencer, bloggers etc to stay connected with our consumers

## Increased milk procurement by

- Strengthening existing farmer relations
- Offering quality & quantity based incentives
- Setting up new collection centres & reach new districts
- Adding new bulk coolers & automated collection systems



## Focused on health and nutrition through

- Introduction of healthy and nutritious product variants
- Bringing products to suit the Indian palette

# Our financial performance

## Revenue

- Consolidated Revenue from Operations for FY21 reported a degrowth of 24% YoY to Rs. 18,418 million as compared to Rs. 24,379 million in FY20
- Growth for FY21 was subdued due to:
  - Business from the HoReCa segment (Hotel, Restaurants and Catering Channel Partners) was impacted during the year due to lockdowns across the country during the year.
  - A large part of our Liquid Milk is distributed through Modern Trade channel and due to pandemic situation and subsequent lockdowns, Modern Trade channel was highly affected as well as there has been shift in consumer buying behaviour from these outlets, leading to lower revenues.

## Gross profit

- Gross Profit for FY21 stood at Rs. 4,799 million as compared to Rs. 6,232 million in FY20.
- During the year, the prices of milk increased post easing of lockdown restrictions after first phase and peaked in Q4FY21.

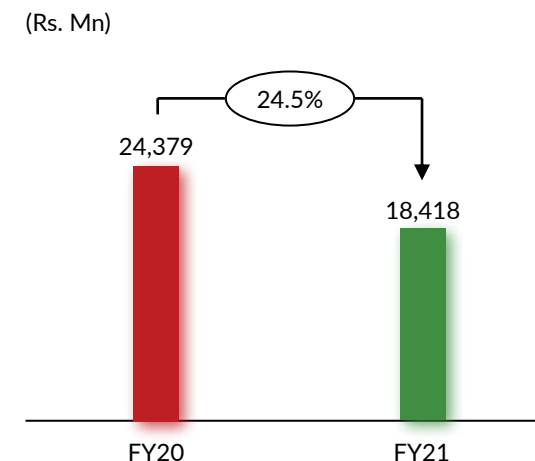
## EBITDA

- EBITDA for FY21 stood at Rs. 1,248 million and EBITDA Margin stood at 6.8%
- With operating leverage to playout, we expect our margins to improve once our revenues come back to normalcy.

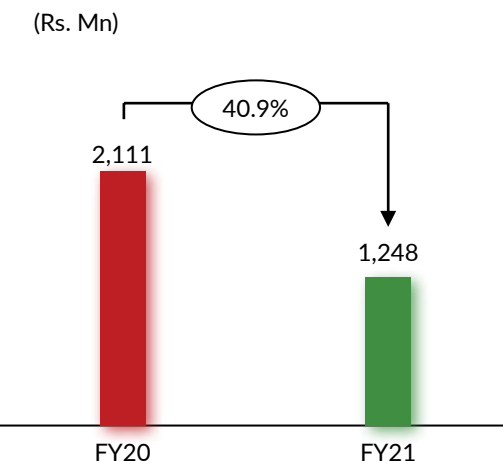
## PAT

- PAT for FY21 stood at Rs. 207 million and PAT Margin stood at 1.1% in FY21.

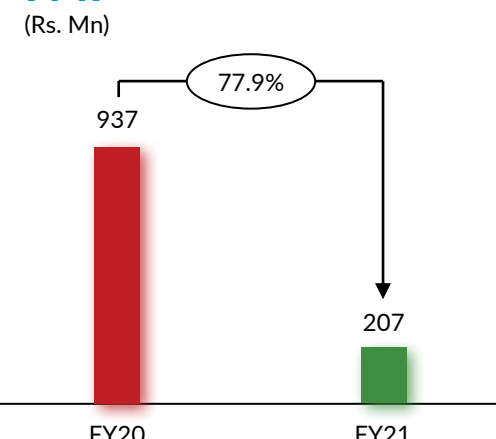
## Revenue



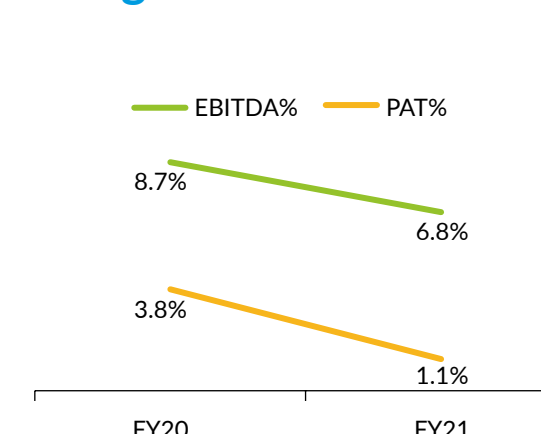
## EBITDA



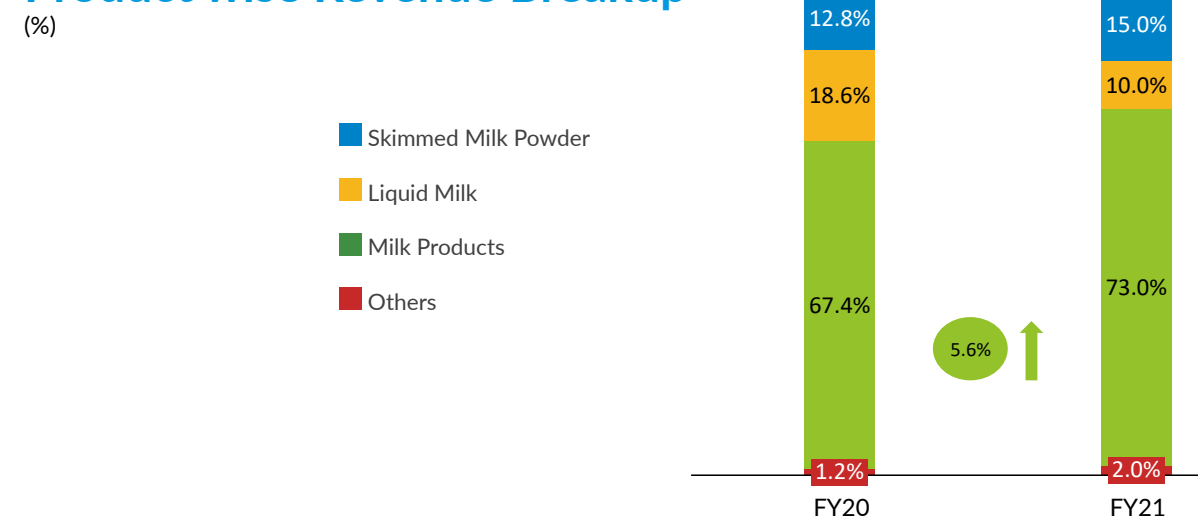
## PAT



## Margins (%)



## Product wise Revenue Breakup





# We are Parag Milk Foods

Back in 1992, when the foundation stone of Parag Milk Foods was laid down by India's new-age milkman and a visionary, Mr. Devendra Shah, who was already prepared to charter a path less travelled in the dairy business with emphasis on reinvention, innovation and diversification of simple milk into innovative products. The mundane business of dairy was given a complete new direction and the company eventually emerged as one of the leading dairy companies with a highly diversified business flaunting a portfolio of more than 10 consumer-centric products, which are made of 100% cow's milk that has immense health benefits.

Moreover, our consumer-centric approach focussing on nutrition, good health and overall well-being has helped us to grow from strength to strength and further fortify our position in the domain. We put an impetus on 100% cow's milk, which is much healthier milk and have built a strong brand base with our value-added products like ghee, milk, paneer, cheese, beverages, curd and Whey proteins.

Over the time, we have worked on building a robust brand proposition by not only leveraging our core functional areas via technology, application of research and development but also innovation in the domains of product development and enhancement.

Equipped with the best global infrastructural practices, we have state-of-the-art automated UHT, Whey Processing, Lactose manufacturing, Milk Drying, cheese and ghee manufacturing facilities in place. Further, we seek to

deliver the goodness of milk to our consumers in the most innovative manner. Also, driving up the value chain we have entered into the high potential lactose market that would strengthen our health and nutrition portfolio. Our processes are a perfect blend of modern and traditional practices wherein we use the state of the art equipment and manufacture products of quality par excellence.

Our flagship brands Gowardhan and Go, promise our patrons a perfect amalgamation of nutrition and taste with a gamut of products like ghee, fresh milk, paneer, varieties of processed and natural cheese, cheese spreads, slices, sauces, butter, curd, dairy whitener, UHT milk, milk beverages and Gulab Jamun mix. Further our premium brand 'Pride of Cows' is based on the farm-to-home concept and offers premium products like whole milk, Fat-Free Milk, Curd and Ghee. With this, we cater to the niche consumer segment.

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





# We stand for



**1** One of the largest dairy FMCG player with largest value added milk products portfolio

**2** Leader and pioneer in the cow ghee category under the brand **Gowardhan**



**3** Dominant Cheese player with **35% market share**

**4** Owner of one of the **largest & most advanced cow farm** in India



**5** Pioneers of the concept of Farm-to-Home Premium dairy brand- **Pride of Cows**

**6** India's 1<sup>st</sup> company to launch truly made in India B2C Whey protein under the brand "**Avvatar**"

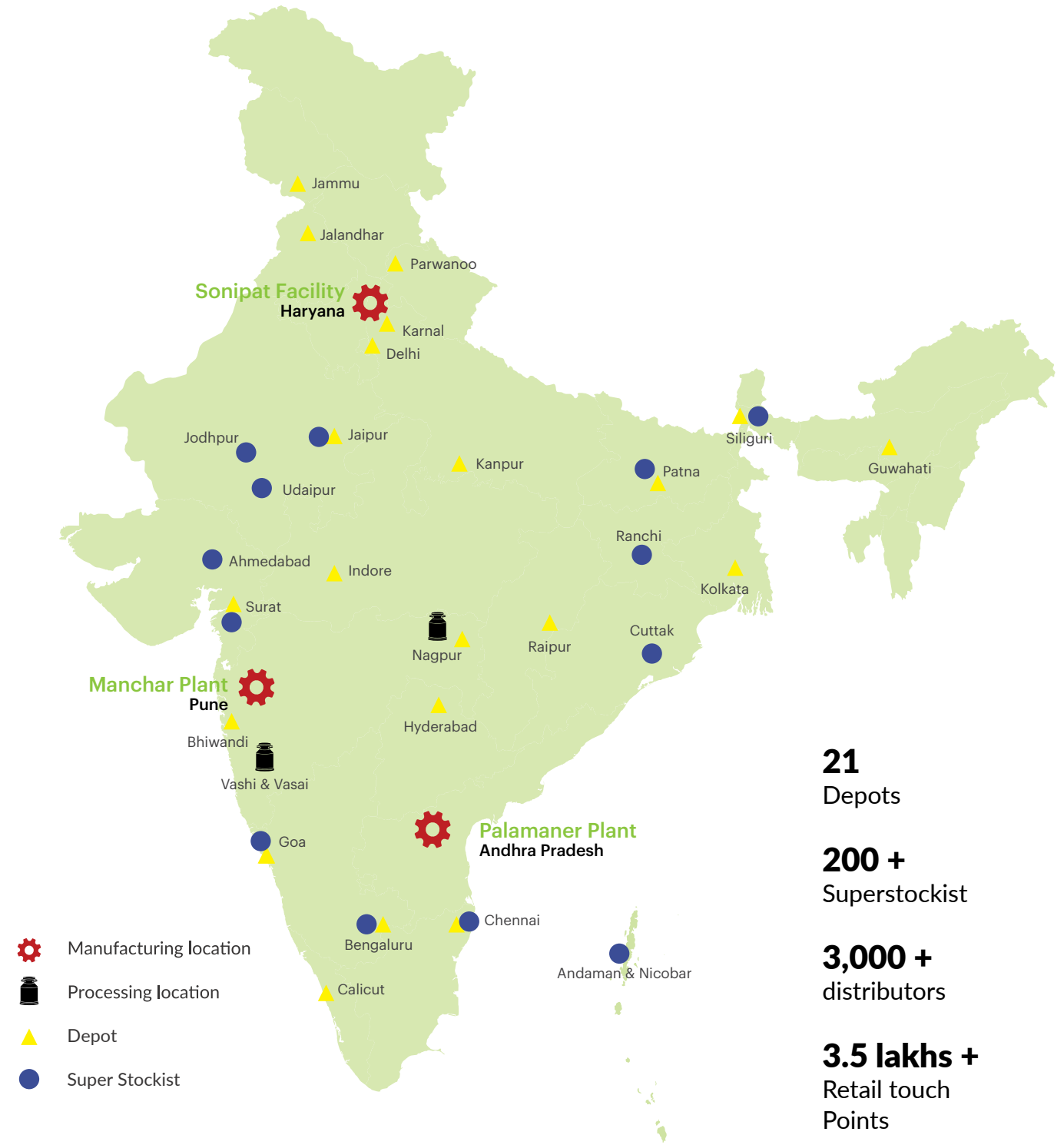


**7** Large state-of-the-art infrastructure with end to end integration





**8** Strong distribution channel covering **3.5 lakh retail touch points**



# Our presence



**21** Depots  
**200 +** Superstockist  
**3,000 +** distributors  
**3.5 lakhs +** Retail touch Points

-  Manufacturing location
-  Processing location
-  Depot
-  Super Stockist





## Our Vision

Our aim is to keep hearts healthy, provide nourishment, and connect to consumers through fresh and high-quality value-added products manufactured from 100 % cow's milk by partnering with the farmer community. In line with the long-term trends and evolving consumer habits, we aim to launch market-leading products and create categories that are ahead of the industry, while continuing to build a strong health and nutrition portfolio. We ensure to create long-term stakeholder value by building a sustainable business model while acting through our empowered employees.

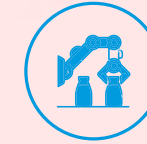


## Our Mission



### Our Consumers

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



### Dairy innovation

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



### Partnership with the dairy farmers

We are working with dairy farmers to enrich their lives and set new standards for sustainable dairy production. We aim to use our resources sustainably by having a long-term environmental strategy.



### Good citizenship

We want to influence the development of society and set an example through our best practices. As a large private sector dairy player, we have the opportunity to do so.



### Building a long-term relationship with local communities

We strive to uphold respectful and constructive community relations and contribute to the development of communities by building long-term relationships with people, businesses and organisations.





# Our wholesome approach

Our strength lies in our resilience and during the year we have further strengthened our position by building on :

## Brand identity

Over the years, we have relentlessly worked on creating greater value propositions by the way of value addition and innovation. Our products under the brands, Gowardhan which includes traditional Indian products and Go, which incorporates higher value-added and modern products are well-placed in the market and have impressive clientele. Whilst Avvatar-whey protein caters to the sports nutrition segment, Pride of Cows targets the premium market and offers farm-to-home fresh milk.

During FY'21, we focused on fortifying our position in core products, Gowardhan Ghee, Gowardhan Paneer, Go Cheese and Avvatar - Whey protein and with our strong business model we were able to achieve one of the highest ghee sales in summer and cheese sales in winter. The fiscal also witnessed few launches under the brand- Pride of Cows- Pride of Cows Ghee and Pride of Cows Curd. While, under the brand - Gowardhan - Star Cup Dahi and Gowardhan Grated paneer were launched.

In order to increase brand visibility, we have been working on marketing campaigns and consumer engagement initiatives. We employed mix of traditional as well as new age platforms -to promote our products.



## Supply and distribution

We cascaded our learnings from the Prism model and identified outlets operating in each locality, implemented direct calling of retail outlets through tele-calling model, taking their orders over call and replenishing their stocks within 24 hours through fully integrated software to reach out targeted outlets within a short span. In areas with limited retail outlets being open, we also implemented direct order taking from consumers and home delivering products to them as well as placing vans with products at various housing societies to make products available to consumers during these tough times. In order to incentivize our supply chain partners, transporters & sales team -special arrangements were made for their safety and comfort, including the arrangement of food and refreshments along with the general sanitization facilities. We ensured that drivers of all transport vehicles were provided with enough food for their entire journey and reciprocal arrangements were made at their destination for stay, food and safe movement.



## Novelty and enrichment

We seek to be resilient and enterprising so as to ensure the viability and longevity of our brands, we are known for our innovations. Our innovative mindset expands much beyond creation and value-addition and we seek to deliver products with an assurance of qualitative excellence. We also seek to grow in the said market for which we are relentlessly working towards building a robust system equipped with technical know-how focusing on product enhancement.

## Strengthening the reach

With a focus on core categories, like cheese, ghee, fresh products, beverages, we are working on further fortifying our position in the metros and Tier-I cities more while identifying certain specific portfolio-based demand clusters. In order to strengthen our position, we are working to strengthen the distributor and stockist base to achieve higher retail penetration. Furthermore, to enhance our presence in tier III cities, we are working on introducing low unit price products that can be consumer-friendly.









# Our Wholesome offerings

In a bid to give our patrons a good taste of health and nutrition and promote wholesome living, we are consistently working towards expanding our portfolio. We have a series of products that are of high quality and are classified under:



## Gowardhan

One of the first brands to be launched, Gowardhan, signifies bliss of wholesomeness and healthy living. The name, 'Gowardhan', can be broken into two words 'Go', which means 'cows' and 'vardhana' signifies nourishment. In all its forms, the brand has managed to win the hearts of our consumers. It has further diversified itself into a wide range of products like ghee, paneer, curd, butter and dairy whitener replete with 100% cow milk.

## Gowardhan Milk

With multiple variants such as Gold, Pure, Fresh and Tea Star, the brand has established itself as a reliable name in the market. Gowardhan Gold and Pure signify full-fat cow's milk, Gowardhan Fresh (toned milk) and Gowardhan Tea Star satiate the taste buds of tea and coffee enthusiasts. Gowardhan Tea Star is expressly formulated milk that assures better taste, aroma and frothing of coffee and tea. Besides, the range also includes 'Fit n Lite' milk and skimmed milk that caters to the needs of calories conscious drinkers. We also have Buttermilk & Curd in this portfolio.



## Gowardhan Ghee

Gowardhan Ghee which has been our flagship product for decades has the credit of being a category creator and market leader.

While preparing Gowardhan Ghee, we have been mindful of the procedure and adopted traditional ways that helped us keep the taste and aroma similar to that of homemade ghee.



## Gowardhan Swarna

Catering especially to the southern region of the country, Gowardhan Swarna, is a variant of Gowardhan Ghee and is steadily expanding its footprint in a market that has cut throat competition. It has managed to create a place for itself among well-established players with its 100 percent purity and unique taste profile.

## Gowardhan Butter

Butter is used widely in Indian households and through our offering, we have tried to further enhance consumer's experience. Gowardhan Butter is a table butter, marked by a distinct lactic taste and is made of clean and wholesome cream that is derived from 100% pure cow milk. With no added flavours, colours and ingredients, the butter is delicious, clear and light in texture, and has low salt content.



## Gowardhan Dahi

Important for maintaining gut health and a natural source of probiotics, Curd is consumed extensively in India and is also a staple of many Indian cuisines. Our Gowardhan Dahi caters to the needs of the masses by making curd from pasteurised cow milk in a traditional manner. It also contains active culture and has a unique taste profile and good texture.

## Gowardhan Paneer

A rich source of protein, Paneer, is loved by vegetarians and non-vegetarians alike in India. It has a strong base among vegetarians and is the third-largest segment in the milk-based products category. Seeing the strong demand, we were first to introduce Gowardhan Paneer, which is a fresh Paneer from 100% cow's milk with a very long shelf life of 75 days in the country. With the application of technical know-how and innovation, we created classic blocks and cubes, thus, making them easy to be handled.





# Wholesome source of good health and well-being



## Go brand

Drawing inspiration and its name from 'Gowardhan', our brand 'Go' is an embodiment of all the good things and is replete with the elements of good health and well-being. We have taken care of the needs of consumers looking for a higher degree of comfort and convenience.



## Go Buttermilk and Lassi

Popular Indian drink during summer, buttermilk and lassi are common man's favourite, and are used widely as digestives. Go Buttermilk and Lassi are available in tetra packs, having long shelf life and are hygienic. Go Buttermilk, garnished with ginger and cumin, is available in two flavours – Masala Chaas and Southern Spice, whilst 'Go Lassi' is available in two delightful flavours of Rose and Mango.



## Go Badaam Milk

Added with a rich mix of almonds and saffron, 'Go Badaam Milk' is a health drinker's delight. The milk is replete with nutrition and matches the quality of a potent immunity booster.



## Go Fresh Cream

Milk creams are widely used in desserts both Indian and continental cuisines. Our product with its moderate fat content is the user's favourite and has rich nutrient content. It is a healthier alternative to cream derived from plant fat. Free of preservatives, these are available in tetra packs and have a shelf life of four months.



## Go UHT Milk

The sub-brand contains several variants that have different fat content levels. While 'Go Supremo' has 3.5% of fat content and is rich and creamy in texture and can be ideally used for making sweets and desserts, 'Daily milk' is relatively low in fat content, i.e., 1.5%, easily digestible and contains all the nine amino acids. The type 'Go Slim Milk' with 0.2% fat is high on health benefits and assures goodness of milk sans fat.



## Go Cheese

A completely vegetarian option, Go Cheese is an ideal source of protein for both meat-eaters and people on a plant diet. It has a distinct taste and is available in 75+ Stock Keeping Units (SKUs). The product is available in several shapes sizes, formats and flavours. It is available in the shape of blocks, slices, wedges and cubes. While spread and sauces are the formats created for customised usages, the flavoured cheese slices are available in various flavours of green chutney. Various types of 'Go Cheese' include mozzarella, cheddar and gourmet cheeses

such as Gouda, Monterey Jack, Colby, Orange Cheddar and much more. 'Go Cheese' spreads are also flavoured with herbs and olives, four types of peppers, smoked paprika, jalapeno and garlic.

In addition, we have also come up with distinct variants like 'Go Cheese processed Angles', 'Go Cheese Jalapeno slices', 'Go Cheese Four Cheese Blend' and 'Go Cheese Pizza Blend', an assortment of cheese that can be used in various types of cuisines from across the world.



## Go Colo Power

We developed 'Go Colo Power' a patented product formulation, with a unique value proposition, which is composed of the first milk of cows - Colostrum. This is available just after calving. It is extremely high in nutrition and a potent immunity booster. Available in the form of powder, 'Go Colo Power' can be consumed by mixing into various food items such as porridge, soups and more.



# Reconstructing Never Stops

At Parag Milk Foods, we have used our extensive expertise in the dairy industry to enhance the nutrition factor in your journey of strength, by bringing you Avvatar. A premium sports nutrition supplement brand that we make in our own, and India's one and only, Whey Protein Plant. Right through its journey from our state-of-the-art dairy farm to your shaker cup, Avvatar stays fresh and pure. Processed from fresh milk within 24 hours, and sealed in jars with their own authentication labels, there's nothing like it to give you the performance and strength you need, in order to reconstruct yourself.

## Isorich

- Freshest and purest Whey Isolate in the country
- Premium 100% Whey Protein Isolate that gets rapidly absorbed in your digestive tract, allowing quick delivery of all essential amino acids
- Delivering 28g protein per scoop - one of the highest in the category
- High in naturally occurring BCAAs and EAAs that support rapid muscle protein synthesis
- Designed for people who are lactose intolerant, strict calorie watchers and conscious about the quantity of carbohydrates



28g - Protein, 6g, BCAA, 6g, Other EAAs, 3.8g Glutamic Acid



## Whey protein

- Freshest & purest Whey Protein blend in the country
- Premium blend of Whey Protein Concentrate and Isolate for building strength and enabling muscle repair
- Naturally occurring BCAAs and other EAAs for promoting protein synthesis
- Contains naturally occurring milk calcium for maintaining good bone health
- Natural fibre to support healthy metabolism, digestion and gut health

27g PROTEIN, 6.1g BCAA, 6.1g OTHER EAAS, 3.9g GLUTAMIC ACID

## Alpha Whey

- The purest and the freshest premium duo-protein blend
- Packs the power of fast absorbing, best-in-class whey protein
- Enriched with casein, a sustained releasing milk protein, for energy that lasts all day.
- Scores high in PDCAAs
- Provides 20g of protein per scoop, as well as 3.5g of BCAA and other Essential Amino Acids, along with 22 important vitamins and minerals



20g Protein, 3.5g BCAA, 3.5g other EAAs, 2g, Glutamic Acid



## Mass gainer

- Ideal protein-carb matrix of 1:3 with Maltodextrin, Whey Protein Concentrate, Isolate and Dextrose, especially designed for Indian consumers
- Made from 100% cow's fresh milk, giving you a healthy balance of the freshest blend of protein and carbohydrates to help you gain mass the right way
- Two scoops of 60g offer the highest protein (45.6g) in the mass gainer segment along with 122g carbohydrates
- 100% RDA of 21 vital vitamins and minerals in two scoops to enable the right growth
- With no added sugars all the proteins and carbohydrates are derived from quality sources to meet the ideal protein carbohydrates ratio

828kcal calories, 45.6g protein, 122g carbohydrates

## Muscle gainer

- Healthy balance of protein and carbohydrates to help you gain lean muscle mass
- Protein carb matrix of 1:1 that is a blend of Whey Protein Concentrate, Whey Protein Isolate, Casein, Maltodextrin and Dextrose
- More protein content than most muscle gainer brands, with each scoop providing 50% of the RDA requirement
- 21 vitamins & minerals to enable the right growth and providing 50% of the RDA in a single scoop
- Unlike most popular brands, sugars are replaced with a good source of carbohydrate that helps grow lean muscle gains instead of mere body fat gains
- Designed for individuals aiming at growing lean muscles by providing an extra push of nutrients to achieve goals



25.5g protein, 24g carbohydrates, 5.7g BCAA, 4.3g Glutamic Acid, 21 Vitamin & Minerals



## Rapid

- Provides instant and sustained energy, and ensures enhanced delivery of vital nutrients to muscles through a perfect blend of sugars
- Instantly replenishes lost electrolytes due to sweat loss. Helps prevent muscle cramps, fatigue and poor exercise performance
- Loaded with high quality Whey Protein Isolate, which has naturally occurring essential amino acids to promote muscle protein synthesis
- Enriched with Vitamin C that supports immunity and helps fight oxidative damage caused during intensive training

149kcal, 611mg Electrolytes, 1300mg BCAA, 5900 mg, Whey Protein



# Our premium offerings- Pride of Cows

Originating from Bhagyalaxmi Dairy Farm, Pride of Cows, is premium milk for the uber-luxury consumers. It is a niche product delivered directly to the consumer's doorstep. A first-of-its-kind superior farm-to-home product, Pride of Cows, has an impressively fast-growing clientele expanding on the back of its powerful value proposition. One of the salient features of the product is that it is not touched by human hands and is an ideal example of hygiene and health.

## Pride of Cows Milk

The Pride of Cows Milk is exceptionally clean and low in bacterial count, which makes it a healthy alternative. This milk needs no boiling and is high in nutritional value, specially packaged, carefully handled and hand delivered to the consumers door-step every morning. Pride of Cows bears a distinct flavor of delicious full bodied milk, which is richer and creamier than regular milk.



## Pride of Cows curd

Pride of Cows curd will have a thick and creamy texture, high on protein and calcium. It is made from milk which is a first-of-its-kind superior, Farm-to-Home milk that caters to the demand of consumers who believe in leading a healthy lifestyle and consuming natural and pure products



## Fat Free Milk

Pride of Cows fat free milk is produced and packed at bhagyalashmi Dairy farm. The milk is highly nutritious, fresh and unadulterated. The Pride of Cows Fat-free milk promises to be tastier and full of natural goodness without the burden of milk fats. Furthermore, the product will be adulteration free, untouched by human hands and will be delivered fresh through the company's Farm-to-Home business model.



## Pride of Cows Ghee

Pride of Cows Single Origin Ghee is made to achieve the perfect balance of aroma and smooth texture. It is being done to ensure so that the consumers experience all the goodness of ghee. Single origin makes this ghee differentiated from all other ghee in the market. The product promises Taste that is distinct, Texture which is smooth and Aroma which is perfect.



# Our wholesome offering for every strata

Our diverse product portfolio caters to consumers from different segments:

## 'Avvatar' & 'Pride of Cows'

- Niche household consumers seeking premium quality dairy products
- Health enthusiasts



## Premium



## Modern: 'Go'

- Children and the youth primarily for direct consumption
- On-the-go consumption as a source of instant nourishment

## Modern



## Traditional

## Traditional: 'Gowardhan'

- Traditional Indian recipes and cooking ingredients
- Indian households



# All about our manufacturing



## Manchar, Pune, Maharashtra

PMFL established its first manufacturing plant in 1992 in the milk belt of Manchar. Raw milk collected from dairy farmers is pasteurised here, to be used to manufacture curd, paneer, ghee, cheese, beverages, and more. Go Cheese factory too is present here.



## Sonipat, Haryana

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



## Palamaner, Andhra Pradesh

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



## Bhagalaxmi Dairy Farm

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

## Our production capacity

**3.4 Mn litres/day**  
Milk-Processing Capacity

**10 Lakh litres/day**  
Whey Processing

**110 MT/day**  
Ghee

**60 MT/day**  
Cheese

**20 MT/day**  
Paneer





# Our Lactose Plant

To add further value to our large cheese and whey business, we have entered into a high potential Lactose business.

We have expertise in dairy ingredients which has allowed us to create lactose that is ideal for multiple segments such as food applications, infant nutrition and clinical nutrition products. We have commissioned a Lactose Plant with a capacity of 40 MT/day. Through the commissioning of this plant, we now intend to add higher value to Whey Permeates that are generated during the filtration process of whey protein.

We have a fully integrated value chain with control over key processes from procurement and supply chain to processing and distribution,

maintaining the highest standards of quality and delivery throughout.

Our best practices and state-of-the-art infrastructure make it the partner-of-choice for leading MNC players and is thereby confident of reaping the benefits of further value addition in our Health & Nutrition business.

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. This provides a huge opportunity for import substitution for players like us that are equipped with end-to-end manufacturing capabilities.





# The future of dairy farming

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

Situated in Pune, Maharashtra, the Bhagalaxmi Dairy Farm was established in 2005 followed by the Bhagalaxmi Bioscience Division, in 2015. It is an industry-first concept that brings farm-to-home premium fresh dairy consumables to the consumer's doorstep, where the distribution is owned completely by PMFL. Bhagalaxmi Dairy Farm was established as a Research and Development centre for studying and developing best practices for cattle feeding, breeding and livestock management. The objective was to use this knowledge to help improve milk yields on farms owned by our farmer partners. It is a wholly-owned subsidiary of PMFL.

With time, it took shape as India's largest and most technologically advanced dairy farm. It became a unique concept offering in its own right, in the form of Pride of Cows, a

brand of premium packaged milk that is untouched by human hands. The entire process of feeding and milking the cows and the processing of fresh milk is completely automated. The service is currently available across Mumbai, Pune, Surat and Delhi. The farm has a unique subscription-based model, with delivery monitored through a dedicated app, designed for specific, targeted consumer audiences, maintaining extremely high-quality standards.

Bhagalaxmi Bioscience Division studies various formulations for quality cattle feed to improve milk yields as well as sustainability. It also ensures waste matter is converted into useful marketable material, such as manure. Our farmer partners buy it to organically boost their farm yields. The facility has its own biogas plant with 600 m<sup>3</sup> power generation capacity, which converts gas fit for captive consumption.





# Our consumer engagement drive

## NEW PRODUCT LAUNCH



**Pride of Cow Ghee**  
Pride of Cows Single Origin Ghee is made to achieve the perfect balance of aroma and smooth texture to ensure that our consumers experience all the goodness of ghee.



**Pride of Cows Curd**  
Pride of Cows Curd - Full of Love' is made from pure Pride of Cows milk which is unmatched in its quality and freshness.



**Pride of Cows Fat Free Milk**  
With Pride of Cows fat free milk, we aimed to provide alternatives to consumers seeking all the goodness of Pride of Cows without fats.



We have launched 'Star Cup Dahi' through the Liquid Milk channel in Mumbai & Pune



Provide pre-shredded packaged paneer for HoReCa & Institutional consumers to drive optimization in paneer value chain.

## CONSUMER OFFER

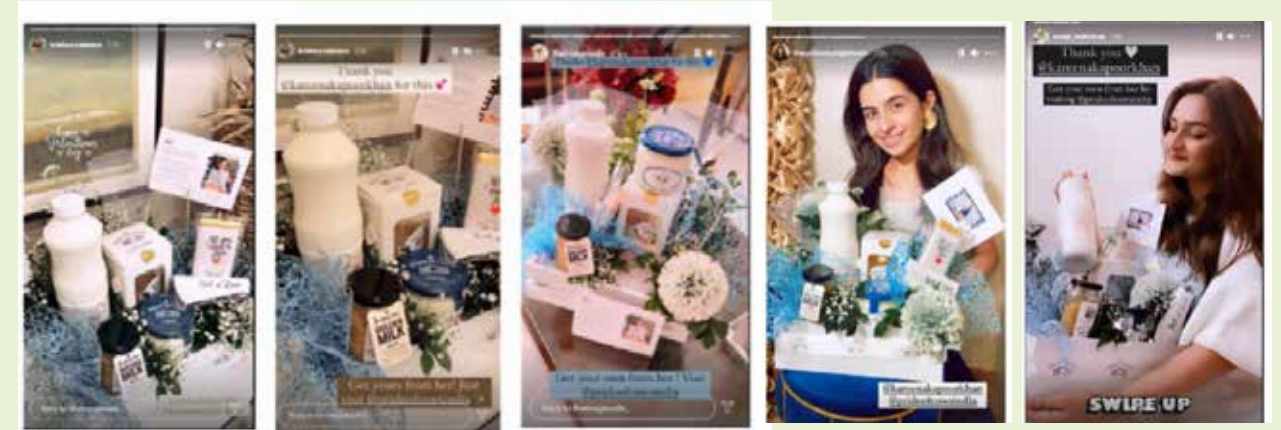


Double Dhamaka offer for consumers  
Go cheese slice free with 200 gm Gowardhan Paneer

## CONSUMER ENGAGEMENT PROGRAMME



Appointed ace Bollywood celebrity Kareena Kapoor Khan for our premium, subscription based, Farm-to-Home brand 'Pride of Cows'. Collaboration has helped enhance the brand's reach and increase awareness amongst consumers that are looking for quality, fresh and pure products.



Sent out hampers to A lister Influencer with a note from Kareena Kapoor to create the Buzz around Brand Pride of Cows and Kareena Kapoor Association

## #Raiseaglasstothetasteofpurity #Prideofcows



## MOTHER'S DAY ACTIVITY

Go Cheese salutes to the apron clad worriers on the occasion of Mother's of Day



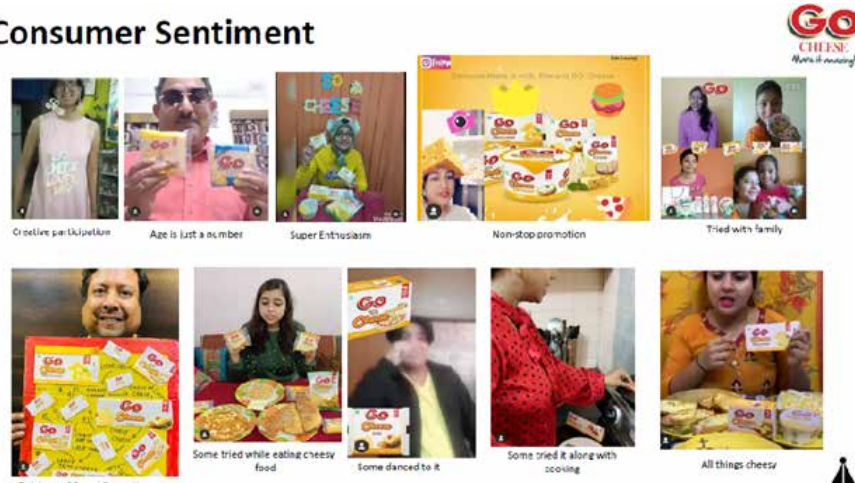
A special thank you to the apron clad warriors



## GO CHEESE LOVER'S DAY CELEBRATION



### Consumer Sentiment



Our Flagship property "Go Cheese Lover's Day Celebration with #HarTastyCheeseMainGoCheese #Gocheesytwister

## INFLUENCER ENGAGEMENT:

### Top Performing Recipe

Engage with Influencers to promote the campaign #HarTastyCheeseMainHaiGoCheese



Video - Cheese Burst Pizza 1M Views



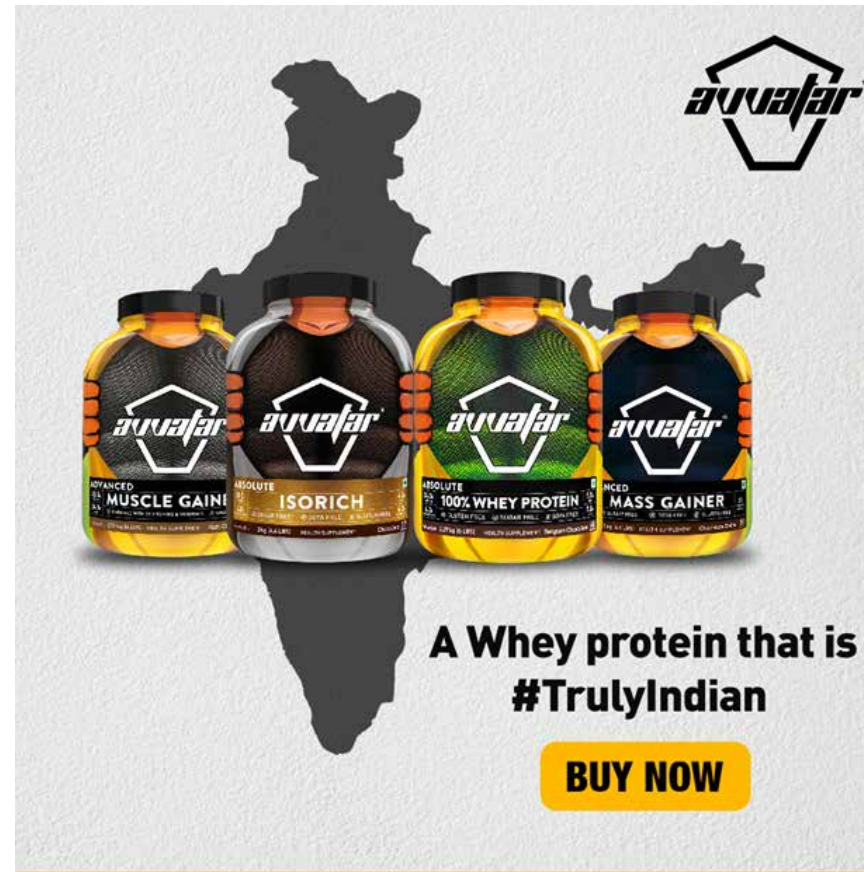
Reel - Bread Ravioli 300K Views

### Top Performing Influencer

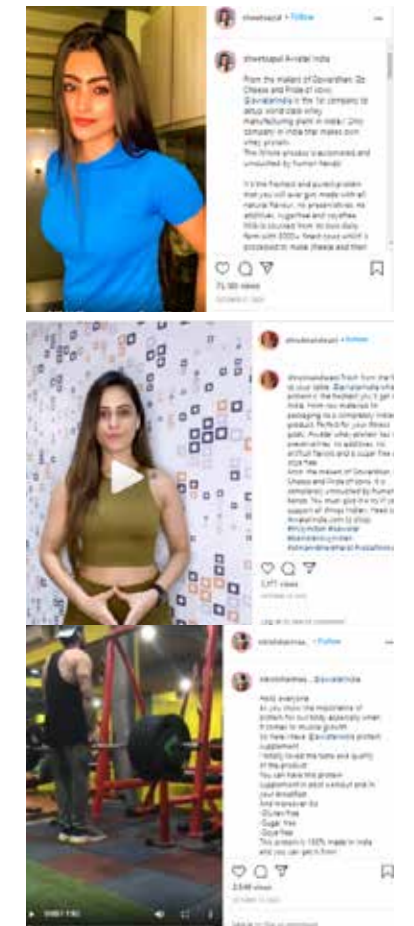


Neha Deepak Shah  
Views - 1.4M  
Eng - 75K

## BRAND AVATAR



As Avvatar was truly made in India whey protein brand we have launched the campaign #trulyindianbrand



## TVC

Launched new communication for brand Gowardhan keeping in mind the current consumer mindset of being health conscious- Gowardhan- Raho Semantmand. We ran this campaign along with our leading communication "Pyaar ka Rang Sunehara" on Television.



## GENERAL ENTERTAINMENT CHANNELS

We have taken sponsorship on ABP Majha to promote brand during Ganesh Chaturthi.



## YOUTUBE CAMPAIGN



'Har Tasty Cheez Mein Go Cheez' Youtube campaign has reached more than 4 crore target audience, with a unique reach of more than 1.4 crore during campaign.



# Navigating through the COVID-19 crisis

The COVID-19 pandemic challenged us in many ways, however, we remained resilient throughout and lent a helping hand to our stakeholders and the society as a whole.

We continued to support our most trusted partners, dairy farmers, ran uninterrupted operations, took efforts to make our supply chain hassle and interruption free.

Besides, we continued to serve people during the pandemic by distributing more than 1500 COVID-19 kits to protect healthcare warriors, regularly sanitised and supplied drinking water to the villages, and got people vaccinated, etc.

We were always mindful of and caring about our farmer's socio-economic well-being and continued procuring milk from them during the crisis. We stayed afloat with them and took care of all our commitments and went beyond it wherein we procured milk almost 30% higher than the normal average at a fair price to ensure their sustainability. This helped them to not only become financially empowered



during the pandemic but also have a continuous source of livelihood.

Moreover, with higher milk coming in from the farmers during these tough times, we ensured that our facilities ran smoothly and was utilised to the full capacity adhering to all the COVID led precautions and SOPs in place.

This helped us manufacture our quality products without disruptions and ensured continuous supply of products to our consumers during the period.

Due to high raw material, we continued to manufacture semi finished goods to be used to meet future demand.



In order to keep our employees motivated during the tough time, we rewarded them with daily cash incentives, ensured them home-to-plant safe mobility solution and provided them 100% safe working conditions. This was done so as to ensure smooth availability of manpower even during the peak crisis. We provided free food to all our workers and during pandemic time, extended the free food facility to community around the area affected with pandemic as also taking care of people.

We quickly adapted to the changing and the challenging environment towards procurement of Packaging material from our vendors due to the closure of many of their operations. We worked closely with local authorities as well as industry players to re-activate our regular vendors by identifying alternate sources and locations to ensure supplies.

We went the extra mile to ensure continuity of our operations by offering our location to crucial suppliers to shift their equipment and produce material

within our facility to ensure real-time availability.

Where the last mile delivery and the logistics was impacted, we came out stronger and left no stone unturned to ensure that our products reach the shelves on time. We took 100% care of the transporters and supply chain partners to ensure that timings are adhered to.



We remained grounded with our sales team, adhering to guidelines without compromising on our reach and availability of our products.

We re-strategized our marketing channel mix and engaged our consumers via the digital route.





# ESG update

As a leading Indian player in dairy based food, nutrition and wellness sector, we have been raising the bar in **Environment, Social and Governance** 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.

Our environmental focus centers around reducing the carbon footprint (energy management, emissions) and an optimal waste management. Whereas our social focus spans across the socio-economic well-being of our milk farmers, employees, distribution partners and the community at large. Our governance framework, in line with the evolving global ESG best practices, is transcending the usual corporate governance to also encompass business governance, talent governance, and sustainability governance.

As we solidify our ESG foundations towards creating a business enterprise of tomorrow, we are fast developing an ESG mindset, putting newer policies and frameworks, integrating various aspects of this thinking into the design processes while overhauling our entire business value chain. The relative inertia that the pandemic brought into our business in FY21 was utilized to strengthen our ESG foundation. And PMFL undertook many a transformative baby steps towards its committed ESG journey during the year.



Some of the highpoints of our ESG progress in FY21 are presented here in form of data and graphics.

## A solid foundation

Adhering to IFC ESG Framework for aiming, improving and reporting on our environmental and social progress for the last 8 years has set a robust foundation for us to lift our ESG reporting to the next level. In spite of COVID-19 disruptions and restriction characterizing FY2020-21, we are happy to report marked progress in our ESG performance during the year.

**Our ESG Policies are centred around following pillars:**

### 1. Adoption of strong Corporate Governance standards

- a. We have recognized and adopted strong corporate governance as a pre-requisite for meeting the needs and aspirations of our stakeholders which is established by the application of best Management Practices, Compliance of Laws in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders
- b. Transparency, integrity, professionalism and

accountability - based values form the basis of our philosophy for Corporate Governance.

- c. We believe that good Corporate Governance is a continuous process and strive to improve the Corporate Governance practices to meet shareholder's expectations.
- d. In terms of Section 135 of the Act, Our Board has constituted the Corporate Social Responsibility ("CSR") Committee, and further, we have also created a Board sub-committee for Risk management from this year and shall be forming more robust policies and processes in this regard ahead.

### 2. Adoption of ESG Systems: Both our major plants viz. Manchar & Palamner have following systems & certifications in place:

- a. Food Safety Management System under ISO-22000 along-with other certifications like FSSAI, BIS, Export Inspection Agency (EIA), Halal, US-FDA, etc. providing best practices of Food Safety.

- b. Environment Management System under ISO-14001
- c. Energy Management System under ISO-50001
- d. Organisational Health & Safety Management System (OHSAS) under ISO-18001

### 3. Best Practices of Societal improvement through various CSR activities (Further details are available in separate CSR section)

### 4. Adoption of practices for food security & climate change under UN Sustainable Development Goals (SDGs) including;

- a. Strict anti-biotics policy at our farm as well as milk received from farmers
- b. Strict policies on toxins, insecticides, etc. meeting the local standards
- c. Focus on renewable electricity, organic manure, etc.

### 5. Adoption of IFC and World Bank's Environmental, Health, and Safety (EHS) Guidelines.

## IFC policy highlights

We are following IFC and World Bank's Environmental, Health, and Safety (EHS) Guidelines. Some of the key highlights of the policy are

### Governance Guidelines:

- Adoption of World Bank's "Corrupt Practice", "Fraudulent Practice", "Coercive Practice", "Collusive Practice" and "Obstructive Practice" Guidelines
- Adoption of World Bank's Guidelines on restricted practices including Child Labour, illegal & restricted activities, weapons, tobacco & alcohol, wildlife products, Intellectual Property, Information Technology, etc.
- Adoption of World Bank's Guidelines on not dealing with UN sanctioned Nations, entities & practices.

**Environmental Guidelines** - This guideline cover all the aspects of environment preservation and includes the following areas

- Air Emissions and Ambient Air Quality
- Energy Conservation
- Wastewater and Ambient Water Quality
- Water Conservation
- Hazardous Materials Management-
- Waste Management
- Noise
- Contaminated Land

**Occupational Health & Safety** - Under these guidelines the company and the supervisors are obliged to implement all reasonable precautions to protect the health and safety of workers. This includes the following areas. Occupational Health and Safety.

### General Facility Design and Operation

- Communication and Training
- Physical Hazards
- Chemical Hazards
- Biological Hazards
- Radiological Hazards
- Personal Protective Equipment (PPE)
- Special Hazard Environments
- Monitoring

**Community Health and Safety** - These set of guidelines complements the guidance provided in the preceding environmental and occupational health and safety sections, specifically addressing some aspects of project activities taking place outside of the traditional project boundaries and includes the following

- Water Quality and Availability
- Structural Safety of Project Infrastructure
- Life and Fire Safety (L&FS)
- Traffic Safety
- Transport of Hazardous Materials
- Disease Prevention
- Emergency Preparedness and Response

## An objective monitoring framework

We have adopted global best standards and certifications for monitoring and reporting our progress across a range of parameters and indicators. These include Environment Management System, Energy Management System, Organizational Health Safety Management System (OHSAS), Food Safety Management System, and Corporate Governance Standards (details captured in Corporate Governance Report). In addition to these systems and monitory framework, we lay special emphasis on full compliance with all applicable SEB and PCB norms.


As a part of above, we are subjected to regular audits and reporting requirements meeting the standards laid down in the regulations & policies. Further, we are also subjected to Annual Monitoring Report (AMR) by IFC.

The Environment Management framework - We believe that a responsible and a growing business along with prosperous society can only exist in a sustainable natural environment. We are committed towards rejuvenation of the natural environment, going beyond compliance to greener business operations. Our goal is to preserve and enhance the environment via (a) Reduction of energy usage (b) Reducing carbon footprint/ adhering to the emission norms towards the decarbonization roadmap (c) Reducing the usage of Water and effective and efficient waste treatment process

## Environment stewardship


We remain committed to environment conservation while also ensuring occupational health and safety of our employees while also being mindful of safety of our consumers and the communities where we operate within. We deploy and adhere to best practices on preventing and restraining environmental pollution.

**As part of our environment stewardship**, we have identified the environment aspects of our products, processes and activities within the defined scope of EMS that we can control, and also those that we can influence. We have mapped associated environmental impacts of those factors across their respective lifecycles.




- Well articulated internal ESG policy in adherence to different certifications
- Also abided by IFC's policy framework on ESG

**Our ESG framework**



- Energy conservation efforts - both thermal & Electrical employing host of measures
- Water conservation efforts- Recycling of 55% of the requirement
- Responsible Effluent and Waste management process
- Marked reduction in the emission levels

**Performance**



- Strict adherence and measurement to the conservation norms
- Zero water and land waste norm
- Reduction in CO<sub>2</sub> emission levels (Scope 1 +2) of 15% by 2025

**Way forward**

Continuous monitoring



## Energy responsibility

A PMFL, we remain committed to improve our energy performance by way of setting, reviewing and achieving energy targets in a continual manner. We have identified all substantial power consumption segment of our manufacturing units and processes. We

assess our current energy consumption levels, set targets for future, devise an action plan to achieve our targets and keep repeating this cycle towards continual improvements.

We already have following renewable energy projects in place:

- ETP bio-waste based gas generation utilizing gas & also converting into electricity
- Boiler-Steam based Turbine for Power generation

### FY21: Key initiatives

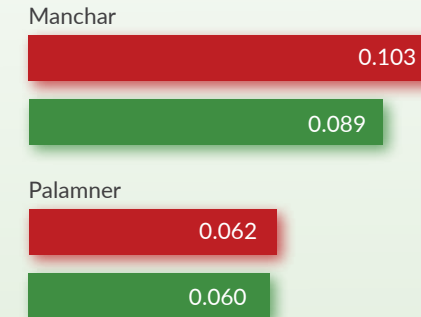
- Installation of VFD on refrigeration compressors to optimize power consumption
- Replacement of previous generation lightings with LED lights
- Use of ETP gas for power generation
- Installation of new technology (turbo compressor) refrigeration system with COP of more than 5
- Replacement of old inefficient motor with new high efficiency motors
- Monitoring and control of excess air in boiler
- Installation of Bio-gas based electricity generator & further improvement of 2.6 MLD ETP for Manchar plant
- Control & online monitoring Of SOX & NOX
- Replacement of Freon refrigeration system by 134 A refrigeration system
- Installation of solid waste digester

### FY22: Strategic priorities

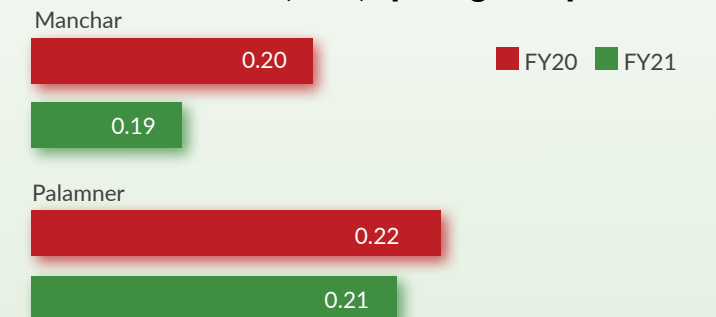
- Power generation through solar
- Energy generation through solid waste (press mud of Sugar Industry)
- Replacement of inefficient pumps
- Technology up-gradation of powder plants to make more energy efficient
- Further Heat recovery system in boiler (Flue gas heat recovery)

## Our Energy conservation drive continues to remain strong

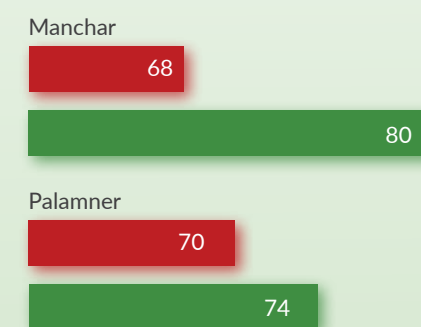
### Power Usage (KWh/Litre of milk)



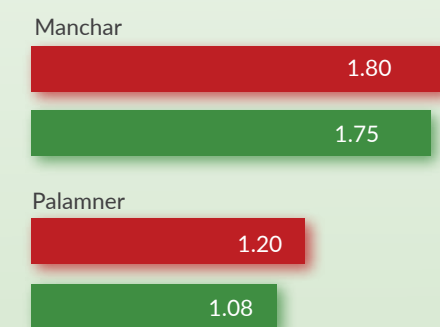
### Power consumed(Kwh)/ per Kg milk powder



### Boiler efficiency levels (%)



### Thermal energy usage (Kcal)/ per litre milk



## Renewable Energy

Embracing climate change adoption, and contributing towards greener planet, we have invested and would further continue to invest in renewable and clean energy sources.

- Our steam based turbines converts steam into electricity, thereby resulting in saving for electrical

energy. For FY21, the total units generated from the same is 2,428,320 Kwh.

- We have also installed a biogas plant to convert ETP effluent into biogas, which is used as electricity. For FY21, the total units generated from the same is 327,602 Kwh,

Apart from that, we have utilised biogas generated from ETP at both our plants to fire our canteens and meet its daily fuel requirements.

- Further in June 2020, we installed a biogas based Genset plant in our dairy farm- Bhagalaxmi, which uses Cow dung to generate power.

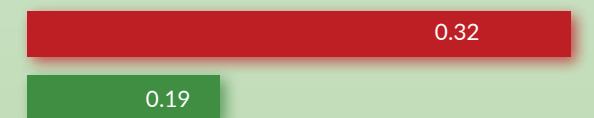
## Emission monitoring

We have in place a robust mechanism measuring CO<sub>2</sub> emissions, duly verified by an independent assurer. We have been able to reduce our carbon emission by 15% in FY21. We are in the process of setting absolute and intensity targets (Scope 1 + Scope 2) to reduce emissions by 15-20% by our target year of 2025.

We have identified all substantial power consumption segment of plant & made a close monitoring on consumption of energy & fixed targets & action plan to achieve targets. Some of targets & achievements are

- (a) Use and replacement of the conventional electricity by Solar energy to 30-35% levels (b) Improvement in the boiler efficiency levels.

### Reduction in the CO<sub>2</sub> emission / litre of milk handled



Aims to reduce emission levels by

**15-20%**  
by 2025



## Effluent treatment process

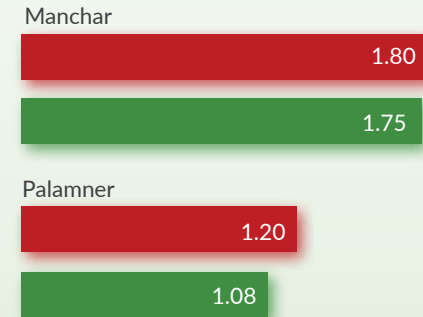
In the process of Effluent treatment arena, there are various initiatives undertaken by us like

- Zero-discharge ETP
- ETP-gas based power generation

Water optimization – We have exercised utmost care to design, deploy and maintain adequate Water & Waste water treatment systems, to give required outputs at all the times. At each stage of design, we are taking minute details into consideration, which can optimize the system. We have put in place three step treatments namely Primary treatment, Anaerobic Treatment and MBR treatment.

Our water consumption per liter of milk handled has reduced over a period of time, and we remain committed to further improve on this.

### Water usage (litres) per litre milk



Around **55%** of water consumption at our units is from recycled water



## Our Farm activities

- We also have Bio gas generation at our Farm
- Bio-gas generation at Farm as well as converting cow-dung slurry into organic fertilisers
- We do addition of bio-active micro-nutrients and organisms into cow dung to create customised manures for various crops
- We also undertaken Silage-making of crops to preserve the shelf-life of fodder as well as have greens for cows through-out the year, etc

Farmer specific social activities carried out by us including conducting regular health check-up camps, awareness programme on usage of natural & ayurvedic medicines against allopathic for treatment of cattle, suggesting best crops for their fields, usage of organic fertilisers and its advantages, etc.

## Environment, Health and safety Management systems- Continual training and awareness

We are committed to protecting the Environment, Occupational Health and Safety of our employees, consumer and the global communities where we operate. Prevention of Environmental pollution by implementing &

maintaining good environmental practices in all its activities.

Train for awareness and re-train for recall is our mantra for absolute adherence to various ESG parameters across our entire value chain. We

conducted a total of 14 such training programs during the year across a range of aspects including Energy Efficiency, Chemical Safety, Fire Safety, PPEs, Electrical Safety, Ammonia Safety, Safe Movement of Material among others

## Our cattle care

In order to avoid use of antibiotics against contagious disease vaccination programme has been strictly followed. This helps us to reduce the use of antibiotics and an extra stress coming from antibiotic. A standard vaccination programme has been strictly followed for all dairy animals.





# Corporate Social Responsibility



Responsibility is an integral part of PMFL and we always thrive to work towards the betterment of communities and uplift their lives by our diminutive efforts. We have and will always believe in the comprehensive growth of society and try to bring positive changes in the surroundings where we operate. As a responsible organization, we recognize moral, social and business responsibility to protect, preserve & nurture human values and also to promote socio-economic welfare. As CSR is in our DNA, we will continue to enhance value and promote sustainable development of the environment and social welfare society at large.

## Feeding communities



During covid pandemic, PMFL has continued its efforts to improve access to the food and nutrition to the needy so that everyone should be fed with nutritional meal and ultimately reach their full potential. More than 3,50,000 nutritional food distribution for needy and COVID patients.

More than  
**3,50,000**  
nutritional food distribution for  
needy and COVID patients.





## Health is wealth



As COVID-19 sweeps across the world, all sectors are being upended and it became utmost important to encourage mental wellness to ensuring people are secure with their daily needs.



More than **1500** Distribution of COVID-19 Kits to protect healthcare COVID warriors

Regular Sanitization and supply of clean drinking water **6 villages**

More than **400** supply of grocery kits Asha workers and frontline warriors

More than **10000** distribution of Sanitisation kits

Provision of Vaccinations for more than **600 people**

Healthcare and cancer camps for more than **800 people**

## Shelter of Protection



### Shree Poona District Panjarpole

We contributed to “Shree Poona District Panjarpole”, where all cattle & animals are accepted free of cost. We have offered to nurture and care for animals in distress and to protect stray cows & other stray animals. We have borne the cost of daily feeding as well as housing of these animals.

At Panjarpole, we take care of abandoned cows as they are unproductive or with lower yield. Our team is engaged in taking care of those cows and providing them with good healthcare, nutritional food and shelter.

**150** cows are been taken care by **15-20** employees.

## Our shared goodness legacy

In many ways, we have worked for the betterment of the dairy farmers , right from making them empowered to providing them livelihood and financial security.



More than **300** farmer workshops taken to educate them on best dairy farming practices

## Empowering students

As a company, we have always helped students to realize their full potential by offering them cost-free quality education.



**Offering MS CIT computer course**



# Message from Chairman

## Building blocks in place; geared for growth

Dear Shareholders,

The last year has been a true litmus test for all of us. It pushed us to extremes and made us reimagine lives and businesses to prepare for the next normal. It was a year of care, compassion and determination.

Unlike the other crises in the world which have been related to financial markets, this one has been much unknown and unaware and the world was taken by surprise with the speed and vastness of this sudden pandemic with health and nourishment taking the centre stage for all we do to live.

The response to this sudden event by the scientific community was swift and current fast paced vaccination is a positive sign. We hope that we all together come out of this World's worst health crisis.

On the business front, it has been a time of significant upheaval and a test of resilience that strikes once in a century. Yet, it led us to adapt, re-orient and accelerate learning while keeping the safety of our employees and business partners, at the forefront.

In these difficult times, we stood committed towards our – Farmers, as this uncertainty & lockdowns resulted in demand destruction posing a threat to their survival. At PMFL, we mounted a rapid response in order to ease the farmers' worries and extended support by increasing our procurement at the fair market price. During the year, on an average our milk procurement increased by 30-35%. We firmly believe that this solidarity with farmers and trust will go a long way in firming our association with this most critical part of our ecosystem.

While the pandemic impacted our financial performance, we continued our operations with regulatory approvals even during the lockdown phase being an essential service provider. We also ensured that the health and safety of our employees at our plants was not compromised. We implemented standard operating procedures to maintain safety and hygiene at workplaces.

We continued to clock healthy double digit growth in our core consumer value added categories. On the flip side, the demand from hotels, restaurants and catering (HoReCa) segment was severely affected. Further, due to lockdown

and related restrictions, our fresh milk and commodity business also suffered, impacting our overall revenue performance.

Milk prices continued to display their upward journey, impacting our margins and profitability. After peaking in Q4FY21, the prices have softened and stabilized in the last few months.

During the year, we continued our cost rationalisation efforts to minimise the impact on the Company's profitability. We also looked at adapting our distribution model and supply chain management systems to suit the current situation and prepare for the new normal

### Consumer centricity

At strategic levels, we have been evaluating our process to remove bottlenecks, strengthen brand image and de-risk business to realise better value for our consumers and business. As part of our plan, we are building new products, capacities and markets keeping consumers and their evolving needs at the core.

Wholesome living is an evolving idea and catching up attention of people, especially younger generation. It is this evolving idea that has kept us busy and would define Parag Milk Foods of future. During the year, we focused on strengthening our brands -

Gowardhan Ghee, Gowardhan Paneer, Go Cheese and Avvatar – Whey protein. Our concentrated and single-minded approach on putting muscle on our key chosen categories enabled us to achieve highest ghee sales in summer and cheese sales in winter respectively.

Living by our tagline "Ideas for a new day" – we continued to bring innovative products for our consumers. We expanded our premium Pride of Cows portfolio by launching Pride of Cows- single origin ghee, Pride of Cows - Curd and Pride of Cows premium Fat free milk to cater to discerning consumers focused towards health and nutrition. We are extremely delighted with the initial response and would continue to excite our consumers with our new bouquet of launches ahead. This year with long shelf products like Ghee in our arsenal, we embarked our journey of taking Pride of Cows from metro centric subscription led brand to a national on the shelf brand

### Strengthened balance sheet- All geared towards growth

In the month of May 2021, we raised funds through preferential allotment of equity shares, FCCBs, Warrants and other Instruments. This will help reduce the overall debt burden. The funds will also be utilized for meeting our capex requirements over the next 2 years and would free up our cash flows during that period.

Additionally, the proceeds shall be utilised to enhance working capital for future growth. We at PMFL ensure that this shall provide enough firepower to bolster the balance sheet and propel the company for exciting growth ahead.

### Sustainable Company

Keeping technology and innovation at the core, our Company has been working on creating value-added products for sustainable living. As part of our ESG efforts, we are looking at alternate packing materials for our products and also promoting the practice of reuse, recycle and reduce. In a bid to go green with reduced carbon footprint, we are working on renewable energy, better wastewater management & reduction of carbon emissions along-with areas like lower usage of chemical fertilisers, antibiotics, etc.

### Way forward

While the second wave of COVID-19 and newer variants of the deadly virus continue to remain a concern for the world, our continued emphasis towards empathy and business continuity will remain the guiding force for growth. We remain focused on innovation and development of newer products, backed by in-depth research as we look at the current times as hidden opportunities.

We have focused on putting in place the right building blocks for the future. These include identifying our strategic priorities and categories, enhancing our distribution and product portfolio and driving digital to name a few. With these building blocks in place, PMFL is well positioned for accelerated growth. Going forward, building on the foundation we have and executing on our strategies will be critical for consistent value creation for our shareholders.

Yours faithfully,  
**Mr. Devendra Shah**  
Chairman



**“We continued to clock healthy double digit growth in our core consumer value added categories. On the flip side, the demand from hotels, restaurants and catering (HoReCa) segment was severely affected. Further, due to lockdown and related restrictions, our fresh milk and commodity business also suffered, impacting our overall revenue performance.”**



# Message from Managing Director



## Navigated the crisis with agility and resilience

Dear Shareholders,

In the beginning, let us hope that you and your family are keeping well in these testing times of COVID-19. FY2020-21 has been a year of multifaceted challenges. It witnessed one of the biggest health crisis that continues to mar economic growth and overall health of individuals across the world. Though, we are gradually recovering from this as the vaccination drive has kick started but the second wave of Corona Virus is likely to pose a downside risk to economic activity. The second round of lockdown to control the pandemic situation and increasing risk of delta variant had a severe impact on the Indian economy. The dairy industry is a source of livelihood for millions of small, marginal and landless farmers as they rely on dairying to earn a livelihood. The demand and supply of dairy products was subject to the COVID-19 and other challenges like wildfires, locust attacks and flash floods. It varied from region to region but one thing that remained common has been the perseverance of people and businesses to bounce back to normalcy.

Your Company did take the heat of the pandemic and its related issues. However, we remained determined on

our journey of providing wholesome living to consumers. We scouted for alternate supply chain and distribution channels to manage sales in these testing times and complete lockdowns. We made sure that milk and other dairy products were easily available to our consumers. This has been a learning experience for us and we are devising business models that would enable us to be digitally-led and risk ready for future.

In a nutshell, FY21 has been a year of strengthening our reach, associations and product portfolio with innovative products that have larger audience to serve and meet the changing demands of the end users in terms of nutrition value.

### Our Performance

During the year, our consolidated revenue from operations contracted to Rs. 18,418 Million from Rs. 24,379

Million in FY20. The EBITDA stood at Rs. 1,248 Million in FY21 as compared to Rs. 2,111 Million in FY20. Milk prices continued to be on the upward trajectory, impacting our gross margins.

Our focus on value-added products and premiumisation as well as productivity efforts enabled us to keep the EBITDA margins at 6.8% in FY21 as compared to 8.7% in FY20. This is despite our supply chain getting disrupted and HoReCa as well as Modern Trade Channel taking a setback.

FY'21 witnessed a subdued growth as the Hotel, Restaurants and Catering Channel Partners (HoReCa) segment got adversely impacted due to the lockdowns across the country during the year.

Going forward, the prices of milk have started softening during the Q1FY22

after the peak in Q4FY21 following easing out of lockdown restrictions, and are expected to remain stable on account of good monsoons.

We expect the margins to improve on the back of stable raw material prices and kicker of the operating leverage coming into play. During the year, the share of milk products was 73% of the total revenues, with liquid milk accounting for 10% share and skimmed milk powder for 15%.

With the infusion of long term funds into the business, our balance sheet has strengthened. We expect to take our working capital loans to near zero levels, while strong improvement in the operating cash flow is expected ahead.

### Focus on Nutrition-rich products

The pandemic has led to a change in consumer preferences with more inclination towards nutrition rich food. This shift has been evident in the demand for immune boosters and nutritional products in the market.

We, at PMFL, are well equipped to provide nutritional security to people through our rich portfolio of wholesome value-added milk and products. Our robust R&D capabilities backed by the longstanding relationship with farmers has been driving us towards developing nutrition rich and easy to pocket products for consumers for a complete diet.

As part of our consumer-centric approach, we are developing best-in-class sustainable solutions and avant-garde consumable product range that uphold goodness and wellness.

We have already taken our Premium brand "Pride of Cows" national with the expansion of the portfolio from milk to- Curd, ghee and Fat free milk.

We continue to work relentlessly to invent cow milk products through innovation and technology. Our offerings cover over 170 SKUs of value-added products such as cheese, ghee, paneer, curd, dairy-based beverages, whey protein and several more healthy dairy products.

We also revved up our marketing strategy to promulgate the benefits of our healthy products. Our targeted marketing approach employing the mix of traditional as well as digital has helped us create a strong brand value for all our stakeholders. The strategy has been designed in a way that it perfectly amalgamates best practices of both co-operatives at the backend and FMCG companies at the frontend.

Our brands 'Gowardhan' & 'Go' continued to capture the heart of the people and our niche brands 'Pride of Cows' and 'Avvatar' are steadily gaining popularity among the targeted group of consumers. Furthermore, we continued to focus on our core products like Ghee, Cheese, Paneer, curd and Health & Nutrition products.

### Safe Operations

During these testing times, our employees and distribution partners have been our tremendous support system. Our employees worked round-the-clock to help us establish a good connect, trust and partnership with farmers and the supply chain. They also helped us maintain a good flow of milk supply to our treasured patrons.

While procuring milk and manufacturing products, we undertook a holistic approach towards giving our consumers health and hygiene in a neat package, at the same time ensuring the safety of our employees. We well-equipped our facilities at Manchar in Maharashtra, Palamaner in Andhra Pradesh and Sonipat in Haryana

with thermal scanning machines and sanitisers, and also mandated the use of mask and maintenance of social distancing during the period. We sanitised our facilities at regular intervals and made employees work in rotational shifts.

### Leveraging position & growth

During the year, we worked on fortifying our position and leveraging our market presence with our stakeholders through operational and cost efficiencies, and automation improvements. We worked on digitising our sales channel and installed the Distributor Management System (DMS), Sales Force Automation (SFA), integrating it with our core system.

We had also experimented with project Prism during last year, wherein we had established a dedicated call centre and taking direct orders from retail outlets, which were replenished through distributors within 24 hours. Due to lockdown restrictions and difficulty in movement of sales team, we cascaded the leanings from Prism model across major markets and implemented the tele-calling system, backend software and replenishment model to navigate successfully during the difficult times

Overall, we have chronicled a reasonable growth story and succeeded in continuing PMFL's journey of healthy and wholesome living.

I express my gratitude to all our shareholders and partners for helping us to grow from strength-to-strength. A special thank you to all our employees, farmers, distributors, and vendors for their continued support and trust in Parag Milk Foods!

**Mr. Pritam Shah**  
Managing Director



# Board of Directors



## Mr. Devendra Shah

Chairman

PMFL has grown consistently under the leadership and vision of Mr. Devendra Shah. He brings enthusiasm and innovation to the business and has enhanced the Company's revenue exponentially. It is with him at the helm that PMFL has established the largest cow farm in India at Bhagyalaxmi Dairy Farm. He is Member of the Nomination & Remuneration Committee, CSR Committee, Stakeholders Relationship Committee and Finance Committee.

## Mr. Pritam Shah

Managing Director

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



## Mr. B.M. Vyas

Non-Executive Director

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



## Mr. Narendra Ambwani

Independent Director

Mr. Narendra Ambwani holds a bachelor's degree in Electrical Engineering from the IIT Kanpur and MBA degree from IIM Ahmedabad. He was the Managing Director of Johnson & Johnson's consumer group in India. He has 39 years of experience in the consumer product industry. He works as a strategic partner advising the top management in developing business strategy to drive the next phase of growth of the company. He is working closely with the team, to ensure accelerated growth of business. He is a member of the Audit Committee and Corporate Social Responsibility Committee.



## Ms. Radhika Dudhat

Independent Director

Ms. Radhika is a Partner with Shardul Amarchand Mangaldas & Co. She is a law graduate from the University of Bombay and a Post graduate from the University of Cambridge and Harvard University. She has worked on a wide range of transactional, regulatory and legal risk management advisory. She has been appointed as the Chairperson of the Corporate Law and Governance Sub-Committee of the IMC Chamber of Commerce & Industry. She has been enlisted in Legal Powerlist 2020 amongst top individual lawyers by Forbes India. She is a member of the Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

## Mr. Nitin Dhavalikar

Independent Director

Mr. Nitin Dhavalikar holds a bachelor's and a master's degree in Commerce from Pune University. He is also a qualified Chartered Accountant. He is Chairman of the Nomination and Remuneration Committee, Audit Committee and Finance Committee and a Member of the Stakeholders Relationship Committee. He is essentially responsible for rendering financial advisory to the organization. He has over 20 years of experience in overall business and corporate finance advisory.



## Mr. Ramesh Chandak

Independent Director

Mr. Chandak is a Chartered Accountant, and has completed Advanced Management Program at Harvard Business School. He is Former recipient of CA Business Leader Award by the ICAI. Mr. Chandak is CEO of RDC Business advisory, which provides individualized leadership coaching, strategy, succession planning and management services. Prior to starting advisory practice, he was MD & CEO of KEC International Ltd. He is on the Boards of various listed companies and Non Profit Organizations. He was associated with Engineering, infrastructure, edible oil and textiles industries and has a global corporate experience of over 40 years working in India, Malaysia and USA. He is member of the Audit Committee and Nomination & Remuneration Committee.





# Management Team

## Mr. Shashikant Dalmia

Chief Financial Officer (CFO)

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



## Ms. Akshali Shah

Sr. VP – Strategy (Sales & Marketing)

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



## Mr. Shirish Upadhyay

Sr. VP - Strategy

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



## Mr. Sachin Shah

Senior VP – Southern Operations

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



## Mr. Sanjay Mishra

Senior Vice President

Sanjay Mishra has over two decades of experience and is a Specialist in Process Cheese Recipes. He has a deep understanding of the evolving Indian palate and can develop various products to suit the Indian Taste. He also heads the Liquid Milk Procurement in the company. In his career, he has worked with the renowned dairy firms like Vadilal Dairy International Ltd. and Gokul Dairy. His academic accomplishment includes a bachelor's degree in Science, followed by a Diploma in Dairy.



## Mr. Sanjay Nakra

Vice President-Operations

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



# Corporate Information

## BOARD OF DIRECTORS

**Mr. Devendra Shah**  
Chairman and Whole Time Director  
(DIN: 01127319)

**Mr. Pritam Shah**  
Managing Director  
(DIN: 01127247)

**Mr. B. M. Vyas**  
Non-Executive Director  
(DIN: 00043804)

**Mr. 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)

## MANAGEMENT TEAM

**Mr. Shashikant Dalmia**  
Chief Financial Officer

**Ms. Akshali Shah**  
Sr. VP- Strategy, Sales and Marketing

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

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

**Mr. Sanjay Nakra**  
Vice President-Operations

**Mr. Sanjay Mishra**  
Senior Vice President

## COMPANY SECRETARY

**Ms. Rachana Sanganeria**  
CS & Compliance Officer  
cs@parag.com

## INVESTOR DESK

**Ms. Sangeeta Tripathi**  
Sr. Manager - Investor Relations  
sangeeta.tripathi@parag.com

## CORPORATE COMMUNICATIONS

**Ms. Pournima Surve**  
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 Private Limited**  
Unit-Parag Milk Foods Limited  
Karvy Selenium Tower B,  
Plot No. 31 & 32,  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad - 500 032, Telangana

## PLANT LOCATIONS

- A. Manchar Plant**  
Awasari Phata, Post Manchar,  
Tal. Ambegoan, Dist. Pune – 410 503,  
Maharashtra
- B. Palamaner Plant**  
149-1, Samudrapalli Village,  
Post - Pengaragunta,  
Palamaner Mandal, District - Chittoor,  
Andhra Pradesh - 517 408
- C. Sonipat Plant**  
Plot No. 2266-2268, Food Park,  
Phase-2, HSIIDC Industrial Estate- Rai,  
Sonipat, Haryana – 131 029

## REGISTERED OFFICE

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

## CORPORATE OFFICE

10<sup>th</sup> floor, Nirmal Building,  
Nariman Point, Mumbai - 400 021



# Management Discussion & Analysis

## Socio-economic Overview

Almost a year-and-a-half into the pandemic and the world stands at a crossroads of sorts. To augment economic growth with all its wherewithal (including greater human participation) or prioritize human health and life even with economy-crippling restrictions. A tough choice for the governments across the globe to make. To fuel growth with accommodative policy stances or contain inflation with benign interest rates. Again, a tough choice for central banks to make. To conserve cash in order to sail through the prolonged volatility or pursue aggressive inorganic route in order to make the most of distressed times. A tough choice for businesses to make.

Almost six months into the vaccination drive raising human hope of a faster return to normalcy, periodic resurgence of successive waves is creating an intense race between the virus and vaccine. Unpredictability, coupled with its longevity and diversity has been putting to test human spirit of resilience and fight back.

Many a core tenet of globalization, which were already at loggerheads with an emerging world order around protectionist stances, are getting challenged even more. Global supply chains are fast easing the concentration risks, with production moving back home or closer to consumption centers.

Technology has appeared as a silver lining, and a formidable one. At a time when social animals are adapting to social distancing, the world is looking at technology with heightened expectations. Be it in providing

quintessential connectivity or in automating processes across production and distribution, the challenge of reducing human intervention and dependence is being fast galloped by technology as its next big opportunity.

A pandemic was not as unpredictable as was the case with mankind's preparedness to deal with it. The unprecedented shortage of and rush to secure very basic tools like masks and PPE suits exposed the risk management orientation of the governments and its leaders across the globe. At least on this count, there was no difference between the developed world and the developing one. While the world still continues to grapple with the pandemic, the need to build mass scale public healthcare infrastructure ought to become national priorities, the world over.

Pandemic's economic turmoil on individuals and families remains unprecedented. From employment losses to wage reductions to technology rendering many a job types untenable, a lot would need to be done by the governments, corporations and the

working class in order to overcome this economic misery over the immediate-to-near term.

## Global Economy

With the pandemic triggering unprecedented health challenge and economic disruption, the memory of global financial crisis of 2008 came to fore. Barring a handful exceptions, the entire world and its countries and economic regions slipped into a sudden economic contraction. The speed at which the virus was spreading was at race with the speed of this contraction. Thankfully, the timely and comprehensive local response by the governments, regulators and people to this ubiquitously global challenge coupled with ingenuity of the scientist and medical fraternity succeeded in reining in the challenge to a significant extent by the end of the first half of the year.

Consequently thereafter, the economy started its slow and steady return towards normalcy. World economic outlook of July 2021 of IMF estimates the world output to have grown by

Growth in %	2019	2020	2021	2022
World Output	2.8	(3.2)	6.0	4.9
Advanced economies	1.6	(4.6)	5.6	4.4
United States	2.2	(3.5)	7.0	4.9
Euro Area	1.3	(6.5)	4.6	4.3
Japan	-	(4.7)	2.8	3.0
United Kingdom	1.4	(9.8)	7.0	4.8
Emerging Market and Developing Economies	3.7	(2.1)	6.3	5.2
China	6.0	2.3	8.1	5.7
India	4.0	(7.3)	9.5	8.5

2021 and 2022 are projections

Source: IMF WEO July 2021



a negative -3.2% in 2020. Its two distinct constituent blocks, Advanced economies (AEs) and Emerging markets and developing economies (EMDEs) witnessed output contractions by a negative -4.6% and -2.1% respectively. But for China, a large global GDP constituent in the EMDE block that defied the trend to post a positive growth of 2.3%, the contraction in the EMDE block as well as the world output would have been much sharper.

Continuing on the steady gains made during the second half and partly also on account of a contracted base of 2020, IMF predicts an equally sharp recovery for 2021 to be followed with a significant moderation in 2022. 2021 growth rate forecast for the world, AEs, EMDEs and India are (+) 6%, (+) 5.6%, (+) 6.3% and (+) 9.5% respectively. In spite of a very sharp recovery, it is worth noting that the average growth for three years (2020 through 2022) would still be lower than the pre-pandemic growth rate of 2019.

## Indian Economy

India, the second largest constituent of EMDE block, was estimated to have witnessed a much sharper contraction of negative 7.3% in its fiscal year 2020-21. Thereafter, witnessing sharp recovery of 9.5% for fiscal 2021-22, further as per IMF's World Economic Outlook of July 2021. It is estimated to grow at 8.5% in 2022-23.

The country took a very bold move of a sudden and prolonged nationwide lockdown that contained the spread of pandemic at the cost of a highly crippling economic contraction. After recording a record contraction of 23% in the first quarter, the economy staged a sequential recovery over the subsequent three quarters. In the second half, restrictions on inter-state movements were lifted to ensure mobility of goods, thereby easing supply side pressures. Industrial activity picked up with stronger car sales, rising finished steel production and diesel consumption, higher goods and services

tax revenue collections and improvement in the availability of finance.

The Government announced a massive spending push of over ₹ 4 trillion in the Union Budget 2021-22. This is expected to boost consumption supported by solid fiscal and quasi-fiscal measures. The recovery in economic activity was a result of impactful reforms undertaken by the government since March 2020. In order to boost the economy, the Government has initiated several investment focused spending programs like the National Infrastructure Pipeline, demand-driven capex, and the Centre's Production-Linked Incentive (PLI) scheme. The massive inoculation drive undertaken by the Indian Government is expected to help the economy and boost consumer sentiments.

The beginning of FY22 was, however, marred by a stronger second wave which resulted in temporary local lockdowns. Though the infection spread was more



severe, the economy is expected to bounce back to normalcy led by the pent up demand similar to that witnessed in FY21 post the first wave subsided.

Businesses and consumers have also grown more accustomed to operating under pandemic conditions, which is expected to contain the negative impact on economy. Economic activity is expected to benefit from strong policy support, including higher spending on infrastructure, rural development, and health, and a stronger-than expected recovery in services and manufacturing sectors.

#### INDUSTRY OVERVIEW

##### Fast-Moving Consumer Goods (FMCG)

With an estimated market size of US\$ 110 Billion in 2020, the FMCG sector is the fourth major contributor to the Indian economy. The urban segment contributes to about 55% of the market while the rural segment contributes to 45%. In the last few years, the FMCG market has grown at a faster pace in rural India compared to urban India. FMCG products account for 50% of the total rural spending.

Within the FMCG sector food & beverages (F&B) category contributes to 19%. The F&B category is one of the essential components of the FMCG market, accounting for about 3% of its GDP and is the single largest employer in the country, accounting for direct and indirect employment to more than 7.3 million workforce. Growing consumer awareness, easier access and changing lifestyles have been the key growth drivers for the sector.

The FMCG sector started the calendar year 2021 with a strong growth momentum, growing at 9.4% in January-March quarter over the same period in the previous year, after growing at 7.3% in October-December 2020. The growth was fuelled by rising

consumption volumes as well as product prices, increased consumption of staples, essential non-foods and indulgence categories. Rural markets continued to outperform the urban markets. The metro markets registered a positive growth after two quarters. With expectations of a good monsoon in 2021, making it the third consecutive year of rural rejoice, there is expected to be a boost up effect on the earnings of agrarian households and keep rural sentiments upbeat. This is further supported by rural centric schemes as bigger outlay for MGNREGA, rise in wages and increase in MSP of key crops.

Within channels, sales growth from the traditional trade channels jumped to double digits, while growth in e-commerce normalised down to single digits. However, with second wave infections growing and with last-mile delivery boost up, the e-commerce channel will continue to be dynamic.

##### Growth Drivers

- **Increased focus on digitization:** Digitization has been an important trend in Indian FMCG sector during the COVID-19 crisis. Most FMCG brands collaborated with leading e-commerce players to deliver products to their consumers by adhering to the safety protocols. The sales share of e-commerce in Indian FMCG sector is expected to increase to 4.5% post-COVID from 2-3% in pre-COVID era.
- **Cloud Kitchens:** Owing to the stark reduction in consumer footfall, most F&B businesses are actively shifting to cloud kitchen models serviced by tie-ups in collaboration with food aggregators that offer the facility of online ordering and delivery. This trend in India is expected to grow by 15% over the next few months.
- **Growing prevalence of health and wellness category:** There is a growing awareness among consumers about

hygiene and well-being. Demands for organic products, healthy foods, and goods for self-care hygiene are significantly rising. Leading FMCG companies are embracing these new trends and are leveraging their efforts to create new products in this domain.

- **Growth in packaged products:** In F&B segment, there is a rise in demand for packaged food products following the health and hygiene trend of the COVID times. Furthermore, there is also a growing demand for immunity-boosting food and beverages like herbal tea, aloe-vera juice, and more. This has led the consumer to gravitate towards the organised sector.

##### Government Initiatives

In order to aid the growth of the FMCG sector, the Government is also actively framing lucrative policies, like:

- In both cash and carry and single-brand retail segments, the Indian Government has allowed 100% FDI. Furthermore, in the multi-brand retail segment, the Government has allowed a 51% FDI.
- Production Linked Incentive Scheme (PLI) proposed by the Indian union cabinet in 2020 has also provided a boost to the manufacturing capabilities and exports.
- The initiation of GST has also reduced the tax bracket of many FMCG products by significant amounts.
- Introduced the Consumer Protection Act in 2019, to address consumer grievances in a simple, speedy, accessible, affordable and timely manner.

##### Indian Dairy Industry

With a very ancient tradition of cattle raising for domestic consumption of milk, India is the largest producer and consumer of Milk in the world.

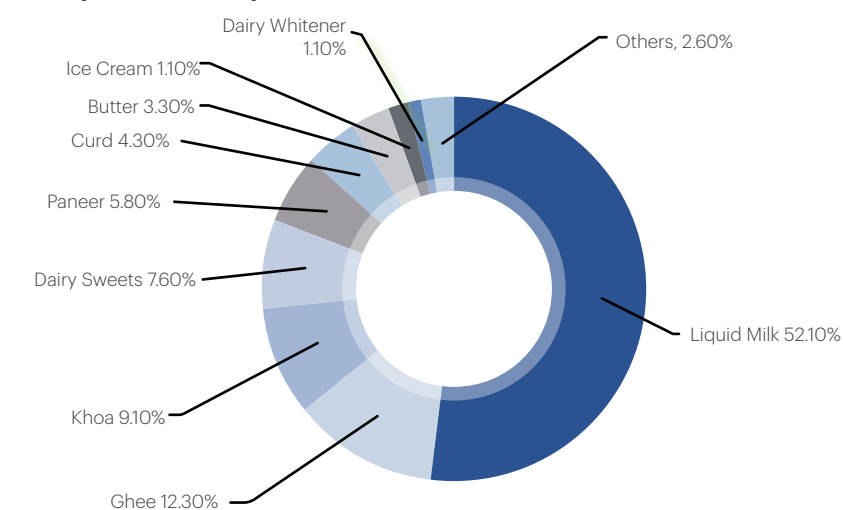
Contributing to over 22% of global milk production, the country's milk production reached about 193 Million tonnes in FY20, consuming almost all this quantity. In spite of topping the global table in overall production and consumption, the per capita consumption of milk in India is quite low, thereby offering significant headroom for demand growth over a sustained period of time.

Indian dairy industry, which has traditionally been highly fragmented and hence being dominated by the unorganised segment, has been making a slow yet steady shift towards a larger play by the organised segment in recent times. This shift augurs well for the industry as organised players bring in fair play, economy of scale, adoption of modern technology and product innovations along with market development for high end premium products. Consequently, the share of organised segment is estimated to grow to 35% by 2024 from 30.3% in 2020.

Consumption pattern in India continues to evolve towards a more diversified mix, with a steady growth in share of value-added products over fresh/liquid milk. Steady shift in dietary patterns and rising share of global cuisine has been aiding to a faster growth of value-added segment that includes curd, yogurt, ghee, paneer, cheese, flavoured beverages, whey protein, etc. Another trend within value-added products is the rising acceptance of premium branded products that offer cuisine specific appeal.

In value terms, the Indian dairy market is estimated to grow to ₹ 22,000 Billion in 2024 from ₹ 12,197 Billion in 2020. It is noteworthy that this steep rise in value is forecast against a moderate consumption growth in terms of volume. The real opportunity, hence, appears to be presenting itself in premium, high end products.

##### Break-up of Indian Dairy Market 2019



Source: IMARC Dairy Report 2019

##### COMPANY OVERVIEW

With nearly three decades of presence in the Indian dairy segment, Parag Milk Foods Ltd. (the Company/PMFL) is one of India's leading dairy FMCG companies with a diverse portfolio in 15+ consumer centric product categories. The Company is adept with the best global source of expertise and scientific knowledge in support of the development and promotion of quality cow's milk and milk products, to offer consumers nutrition, health and well-being. Though started small with producing only fresh milk and skimmed milk powder (SMP), the Company has completely transformed itself with product offerings covering over 170 SKUs of a wide range of value-added products such as cheese, ghee, paneer, curd, dairy based beverages, whey protein etc.

The Company is a leading marketer of branded dairy products owning 2 mass market brands: 'Gowardhan' & 'Go' and 2 niche brands 'Avvatar' and 'Pride of Cows' spanning across the pyramid - premium, modern and traditional.

After pioneering and establishing our premium offering under the brand "Pride of Cows", and having created a strong brand equity through our consistent process and quality. During the year, the

Company expanded Pride of Cows brand with two new product launches Pride of Cows Ghee and Pride of Cows Curd. Ace Bollywood celebrity, Kareena Kapoor, was appointed as brand ambassador for its premium, subscription based, unique Farm-to-Home Pride of Cows offering.

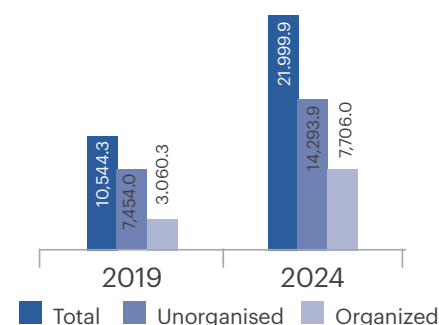
The Company is looking to focus on four core categories of Ghee, Paneer, Cheese and health and nutrition products. The Company boasts of a strong distribution network of 21 depots, over 200 super stockists and 3,000+ distributors. The Company prides itself in having established strong relationships with over 2 lakh farmers and having a reach of over 3.5 lakh retail touch points.

Establishing trust & relationship with dairy farmers, leveraging technology to produce innovative products and establishing a cost-efficient distribution network aided by targeted marketing; the Company has managed to create strong value for all stake holders. It has combined the best practices of both co-operatives at backend and FMCG companies at frontend to grow sustainably.

During the year, the Company managed to keep its supply chain and



**India: Dairy Market Forecast  
(in Billion INR), 2019-2024**



manufacturing uninterrupted despite lockdowns and restricted mobility caused by COVID-19. The Company's agility and robust strategies enabled it to overcome challenges posed by the pandemic and consolidate its operations and enhance efficiencies. Focus on core products and strong business model enabled the Company to clock one of the highest sales for core consumer product categories like Ghee, cheese and paneer during lockdown period.

The Company has a pan India manufacturing footprint with manufacturing facilities strategically located at Manchar in Maharashtra, Palamaner in Andhra Pradesh and Sonipat in Haryana and three third-party milk packaging facilities located at Nagpur, Vasai & Vashi. The Company has one of the largest cheese plants in India and the first state-of-the-art fully integrated Whey protein and lactose plant in India. The Bhagyalaxmi Dairy Farm is a modern dairy farm housing over 2,300 Holstein Friesian cows and is equipped with the finest international equipment that provides the consumers with superior Farm-to-Home milk. The Company envisions to drive innovation in milk and milk products through its well-diversified portfolio of brands that deliver dairy products of international quality standards and strive to add value to everyday life of consumers.

## PRODUCT CATEGORIES

### Ghee

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

According to the latest report by IMARC total Ghee market is expected to reach INR 4,653 Billion by 2024.

### PMFL'S ACHIEVEMENTS

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

During the year, we have seen healthy growth in Ghee sales due to lockdowns and people staying at home, lot of cuisines were being made at home and further during this time due to heightened awareness for safety and purity, consumers preferred branded products like Gowardhan, which they can trust on

### Cheese

Cheese is one of the fastest growing dairy segments in India. The market size of cheese in 2019 was ₹ 28.7 Billion. The major drivers behind this growth are the changes in dietary preferences of consumers, as well as growth of the Quick Service Restaurants (QSR) sector. In India, Maharashtra is the biggest consumer of cheese, followed by Gujarat, Delhi, Tamil Nadu and Uttar Pradesh.

During 2019-2024, the cheese market is expected to grow at 26% CAGR to reach ₹ 91 billion by 2024.

### PMFL'S ACHIEVEMENTS

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

During total the year, we have seen healthy growth in consumer cheese segment because of people staying at home during lockdowns and enjoying home-made food. However, we have seen challenges in HoReCa (Hotels, restaurants and canteen) segment which were disturbed considerably during lockdown. There was also disruption in QSR segment for some time.

### Paneer

Paneer is the fourth largest segment in the milk products category. Its market size in 2019 was ₹ 317 Billion. Indian households across the country consume paneer as a staple food. Paneer is an integral part of many traditional and modern Indian recipes, which are equally popular amongst kids, younger and older generations.

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

### PMFL'S ACHIEVEMENTS

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

During the year, we have seen healthy growth in Paneer segment because of people staying at home during lockdowns and enjoying home-made

food. However, we have seen challenges in HoReCa (Hotels, restaurants and canteen) segment which were disturbed considerably during lockdown. There was also disruption in QSR segment for some time.

### Curd

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

Going forward, the total curd market in India is expected to grow at 15.4% CAGR during 2019-2024 to ₹ 1,809.3 Billion by 2024. The organised curd market is expected to reach ₹ 175.3 Billion by 2024.

### PMFL'S ACHIEVEMENTS

PMFL has a significant presence in major metros like Mumbai, Pune, Nagpur, Bengaluru & Chennai and is now expanding into NCR. The Company's curd is made from pure cow milk and

follows a distinct home-made recipe, setting it apart from its peers.

PMFL is the biggest private player in the Mumbai market. The Company also has a strong presence in the urban parts of West and South India. Since the Company has been focussing on selling a large part of its pouch and cup curd through Modern Trade channel, there has been disruption caused in this category due to store closures, timing restrictions as well as change in buying behaviour of consumers for buying fresh products like milk and curd on daily basis from these outlets. While we have embarked on focussing more towards General Trade channel to navigate out of this situation, its work in progress.

### Ultra-High Temperature (UHT) and Beverages

India's UHT milk market in 2019 was ₹ 63.3 Billion UHT Milk is growing at a rapid pace in metros because of advantages such as safety, convenience and a longer shelf life. Areas with milk deficiency are increasingly adopting milk powders and UHT milk. During 2019-2024, UHT is expected to grow at 25% CAGR to ₹ 193.3 Billion.

### PMFL'S ACHIEVEMENTS

PMFL is the largest private player in the UHT milk and one of the largest in beverages segment.

During the year, due to closure of offices, schools, colleges, transit points like bus stations and railway stations, etc. which are the major points of sale for beverages like flavoured milk, lassi, buttermilk, etc., we have seen considerable challenges in this segment.

### Whey Protein

Whey protein is sold in both the sports nutrition segment and consumer nutrition segment. The market for whey protein in 2019 was ₹ 6.6 Billion. While almost 100% of whey protein products in the sports segment are imported, the health and nutrition market is dominated by a few large MNCs. Total Whey powder market is expected to grow at 22.1% CAGR during 2019-2024 to reach ₹ 18 Billion by 2024.

### PMFL'S ACHIEVEMENTS

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

During the year, we have seen disruptions in this category due to closure of nutrition shops, gyms, etc. which are the major points of sales for the category.

### Liquid Milk

Liquid milk market was sized at ₹ 4,802 Billion in 2019 ~67% of the milk sold is through the unorganized segment, and balance 33% is organized. The organized





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

Going forward, the organised liquid milk market is expected to grow at a 5-year CAGR of 16% over FY19-24.

#### PMFL'S ACHIEVEMENTS

PMFL is the biggest private player in the Mumbai market and amongst the largest private players in Pune, Nagpur & Bangalore. The Company also has a strong presence in the urban parts of West and South India. Since the Company has been focussing on selling a large part of its



fresh milk through Modern Trade channel, there has been disruption caused in this category due to store closures, timing restrictions as well as change in buying behaviour of consumers for buying fresh products like milk on daily basis from these outlets. While we have embarked on focussing more towards General Trade channel to navigate out of this situation, its work in progress.

#### Outlook

Despite the challenges that COVID-19 has presented to the entire global economy, the Company remains buoyant about future growth prospects. The Company believes that the situation has brought up new opportunities across dairy and FMCG sectors. The Company being a well-established player in the value-added segments with a pan - India distribution reach is well placed to capture these opportunities and increase market share.

The Company is committed to its long-term goal of providing the highest level of consumer satisfaction with well-established brands, robust operational and financial practices and expected revival in demand across product categories. The Company has identified certain strategic priorities to deliver on profitability and sustainable growth.

**Increasing operational efficiency:** The Company aims to leverage in-house technological and R&D capabilities to maintain strict operational controls, enhance its consumer service levels and develop customised systems and processes. As informed earlier, the Company has embarked on cost efficiency measures across the value-chain since last 2 years and we have seen substantial benefits in terms of containing other expenses during the year. This is an ongoing exercise and we are looking at not only sustaining majority of the savings over last year, but also work on deriving further savings in the process.

**Strengthen brand equity:** The Company has 4 very strong brands with deep consumer connect. The Company is committed to enhance brand recall through strategic branding initiatives and increased ad spend on diverse channels including television, newsprint and digital media.

**Increase milk procurement:** The Company's strength lies in its long lasting farmer relationship which it constantly strives to strengthen further by offering quality and quantity based incentives. The Company is planning to set up new collection centres and increase its reach to newer districts. The Company has set a target to add 75 new bulk coolers and 100 automated collection systems by.

During the year, due to lockdown restrictions in place and unorganised players unable to operate, farmers were in distress to dispose their milk. The company stood solidly with the farmers during this difficult time and increased milk procurement during lockdown period substantially, running all its plants at full capacity to handle the milk and convert into various products. While the demand side faced some challenges, we increased our inventory to be later liquidated over high consumption season. This show of trust with the farmers forged our relationships further and would help the company in attaining its procurement goals for future more effectively.

**Increase value-added product portfolio:** The Company is focusing to add revenue share of its value added products to improve margin profile. The Company is looking to offer wider range of farm-to-home products under its 'Pride of Cows' brand and premiumize its portfolio with strong focus on developing high value health and nutrition products. During the year the company has launched ghee as well as curd under its Pride of Cow Umbrella. The acceptance of this product has been strong, and going forward,

the company is planning to expand the products under this umbrella.

**Focus on health and nutrition:** Evolving with changing consume needs, the Company has introduced a wide range of healthy and nutritious product variants like whey protein powder under Avvatar brand and is further looking at introducing health products for mass consumption in different formats, colostrum products as daily supplements and high protein, low fat cheese products, among others.

**Enhance product reach:** The Company realises the importance of a strong and deep distribution network. It is thus working to strengthen distributor and stockist base to achieve better retail penetration. To enhance presence in tier III cities the Company is working to introduce low unit price products to be able to suit consumer pockets in these cities. The Company's strategy team is also working to identify specific states and regions in the country where it can enhance reach and/or increase sales volumes. The Company's focus is to increase shelf space at existing outlets.

Over the year, as a part of our consolidation move, we have been focussing on depth of distribution rather than width of distribution and hence The Company's focus is to increase shelf space at existing outlets. Apart from that, we have been working on digitising our sales channel by installation of Distributor Management System (DMS), Sales Force Automation (SFA) and integration with our core system. We had also experimented with project Prism during last year, wherein we had established a dedicated call centre and taking direct orders from retail outlets, which were replenished through distributors within 24 hours. Due to lockdown restrictions and difficulty in movement of sales team, we cascaded the leanings from Prism model across major markets and implemented the tele-calling system, backend software

and replenishment model to navigate successfully during the difficult times.

#### What we did different this year - Our Strategic initiatives'

**Solidarity towards our Farmers-** Milk being a perishable commodity every day we collect 10-12 lakh liters (1-1.2 mn litres) of milk, from over 2 lakh farmers spread over Manchar and Palamner, and process it in our factories. During lockdown, the first impact was reduction in milk offtake by the local & unorganized players resulting in distress among the farming community. We as a responsible player have increased our procurement commitment and procured more than 1.5 million litres per day during the lockdown period, taking care of the excess milk and converting into inventories for various milk products. During lockdown, due to shutdown of many industries, dairy farming was a major source of livelihood for landless labourers and marginal farmers in rural India. We believe that this act would go a long way in further strengthening the trust of the farmers, which forms an important pillar for the Company.

**Uninterrupted operations** - With higher milk coming in from the farmers during these tough times, we ensured uninterrupted and full utilization of all our plants, churning out various products as per future requirements. We motivated our workers with daily cash incentives, home-to-plant safe mobility solution and 100% safe working conditions to ensure availability of enough manpower even during the peak of migrant crisis.

We also faced difficulty in getting required raw materials and packaging materials from our vendors as many of their operations were closed and worked closely with local authorities as well as industry players to re-activate our regular vendors or identify alternate sources / locations to ensure supplies. We also offered our locations to suppliers to shift their equipment and produce material

within our facility to ensure real-time availability and also saving costs.

We have been providing free food to all our workers and during pandemic time, extended the free food facility to community around the area affected with pandemic as also taking care of migrant workers.

**Supply chain agility-** Operating our supply chain in the midst of restrictions imposed during lockdown was a huge challenge. Heavy restrictions on timing during which the retail stores would remain open in different parts of the country gave us a narrow time window of just few hours to complete our entire redistribution operation in the market on a daily basis.

We motivated our sales team by providing daily cash incentives and safe mobility options to move effectively in the market. Through that, we pushed our distributor partners to re-start their operations during limited window of time and supported with manpower & logistics as well as higher margins to operate in difficult times.

In areas with limited retail outlets being open, we also implemented direct order taking from consumers and home delivering products to them as well as placing vans with products at various housing societies to make products available to consumers during these tough times.

In order to incentivize our supply chain partners, transporters & sales team special arrangements were made for their safety and comfort including arrangement of food and refreshments along with the general sanitization facilities. We ensured that drivers of all transport vehicles were provided with enough food for their entire journey and reciprocal arrangements were made at their destination for stay, food and safe movement.





Marketing and consumer engagement drive -Restriction of movement of consumers meant that we had to deploy creative ways to reach out to people who were in lockdown mode in their homes. Our teams were nimble, agile and acted swiftly in response to this extremely challenging situation. We remodeled our marketing, consumer engagement as well as last mile supply chain strategies. We levered ecommerce to our advantage. Since hotels, restaurants, cafes, and catering services have not been functional during the COVID crisis, this led to steep decline in consumption of our products). In an effort to compensate for loss in out of home consumption of our products, we redesigned our marketing campaigns with influencers (to educate and inform the consumers about using our range of products to try out restaurant -style dishes at home. For the year we used a mix of digital as well as traditional media to promote our brands.

In line with our statement of purpose "Ideas for new day", even during the pandemic we continued with our new product launches, like Pride of Cows ghee and curd etc.

### Expansion

To add further value to its large cheese and whey business, the Company has introduced high potential Lactose products. The Company has commissioned a Lactose Plant with a capacity of 40 MT/day.

Through the commissioning of this plant, the Company is now intending to add higher value to Whey Permeates that are generated during the filtration process of whey protein.

The Company's expertise in dairy ingredients has allowed it to create lactose that is ideal for multiple segments such as food applications, infant nutrition and clinical nutrition products.

The Indian lactose market size is ~40,000-45,000 MT and is valued at ₹ 5,000 million (~USD 70 million), with a major part of the requirement being met through imports. This provides a huge opportunity for import substitution for players like Parag Milk Foods Ltd. that has end-to-end manufacturing capabilities to tap into.

The Company has a fully integrated value chain with control over key processes from procurement and supply chain to processing and distribution, maintaining highest standards of quality and delivery throughout.

The Company's best practices and state-of-the-art infrastructure makes it the partner-of-choice for leading MNC players and is thereby confident of reaping the benefits of further value addition in its Health & Nutrition business.

### Consolidation was a mantra all across

- As a part of our consolidation move, we have been focussing on depth of distribution rather than width of distribution and hence the Company's focus is to increase shelf space at existing outlets.

Also on the marketing front we have limited mass market brands as 'Gowardhan' & 'Go' while shall continue with niche brands 'Pride of Cows' and 'Avvatar' targeted towards specific consumer segments. We have also limited our product offerings and stock keeping units under this exercise and

would be broadly focusing on Ghee, Cheese, Paneer and Health & Nutrition product categories. The Company has greater contribution towards its gross profits and margins from these value-added dairy product portfolio.

Apart from that, we have been working on digitising our sales channel by installation of Distributor Management System (DMS), Sales Force Automation (SFA) and integration with our core system. We had also experimented with project Prism during last year, wherein we had established a dedicated call centre and taking direct orders from retail outlets, which were replenished through distributors within 24 hours. Due to lockdown restrictions and difficulty in movement of sales team, we cascaded the leanings from Prism model across major markets and implemented the tele-calling system, backend software and replenishment model to navigate successfully during the difficult times.

### Financial Performance Highlights

- Due to COVID impact, consolidated Revenue from Operations moderated to ₹ 18,418 Million in FY21 from ₹ 24,379 Million in FY20.
- Operating Profit (EBITDA) was ₹ 1,248 Million in FY21 as compared to ₹ 2,111 Million in FY20. In spite of challenging environment, our Operating EBITDA margin remained at 6.8% in FY21 as compared to 8.7% in FY20. Led by operating leverage margin is expected to improve once revenues come back to normalcy.
- Profit After Tax (PAT) stood at ₹ 207 Million in FY21 as compared to ₹ 937 Million in FY20. PAT margin stood at 1.1% in FY21 as compared to 3.8% in FY20.
- Diluted Earnings Per Share (EPS) was ₹ 2.46 in FY21 as against ₹ 11.14 in FY20.

### Ratios

Particulars	FY21	FY20	% change
Debtors Turnover Ratio (times)	11.6	8.0	44%
Inventory Turnover Ratio (times)	2.7	3.9	-31%
Interest Coverage Ratio (times)	1.9	4.3	-56%
Current Ratio (times)	1.7	1.6	2%
Debt Equity Ratio (%)	37.8%	40.6%	-7%
Operating Profit Margin (%)	6.8%	8.7%	-22%
Net Profit Margin (%)	1.1%	3.8%	-71%
Return on net worth (%)	2.2%	10.3%	-78%

Due to Pandemic, and the resulting lockdown, the revenue and the profitability was impacted. This has led to variance of more than 25% for profit, networth and interest coverage ratios.

During FY21, the share of milk products was 73% of the total revenues; with liquid milk accounting for 10% share and skimmed milk powder for 15%.

### During FY21 growth was subdued due to

- Severe impact on business from the HoReCa segment (Hotel, Restaurants and Catering Channel Partners) due to lockdowns across the country
- Huge impact of COVID-19 on Modern Trade channel which is a large part of liquid milk distribution for the Company. Also there has been shift in consumer buying behaviour from these outlets, leading to lower revenues.
- Lower commodity sales (SMP) due to lockdown related disruptions.

During the year, the prices of milk increased post easing of lockdown restrictions after first phase and peaked in Q4FY21. Milk prices started softening during Q1FY22 and procurement also increased.

The Company continued on cost rationalisation efforts to minimise the impact on profitability amidst challenging

economic environment. The Company proactively adapted distribution as well as supply chain to suit the needs as per the evolving situation. Further, the Company introduced new products and focussed on brand building.

In May 2021, the Company raised ₹ 316 crore by way of preferential allotment of equity shares, FCCBs and other Instruments. International Finance Corporation (IFC) invested ₹ 155 crores by way of subscription to preferential issue of equity shares and subscription of FCCBs in addition to subscription to NCDs of ₹ 150 crores. Sixth Sense Venture Advisors LLP, invested ₹ 50 crores by way of preferential issue of equity shares. The promoters subscribed for preferential allotment of 10 Million convertible share warrants, convertible into equity shares for ₹ 111 crores. These funds will help reduce the overall debt burden and will be utilized for capex requirements over the next two years. These would also enable the Company to free up cash flows and enhance working capital for future growth. The Company would thus be in good stead to bolster the balance sheet and propel future growth.



## HUMAN RESOURCES

Human capital is most critical resource of the Company which plays an inevitable role in business continuity and success. Competent HR policy framework enables the Company to attract skilled talent, offer adequate training and skill development programs and maintain high motivational spirits ensuring both personal and profession growth of every employee.

The Company constantly strives to upgrade its processes and methods, and leverage innovation to enhance the capabilities of its workforce. To foster all round development of all employees, the HR policies have built a culture of mutual trust and appreciation. Transparent and open door policy enables high levels of employee engagement and clear knowledge of their key responsibilities among all employees. Increased efficiency and involvement in turn enables to align employee values, goals and mission with that of the organisation.

Regular skill development programs and training initiatives lead to stronger employee connect and superior performance. Select employees are further groomed under guidance of prominent institutes. Several rewards, 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 on March 31, 2021 the Company had 1,563 employees.

## KEY RISKS AND MITIGATION STRATEGIES

**Pandemic risk:** Restricted mobility, lockdowns, reduction in disposable

incomes, supply chain disturbances due to the pandemic adversely impact the business.

**Mitigation:** The Company's resilient business model and strong commitment towards business and people at large enabled it to carry out business operations smoothly even amidst challenging times. The company undertook a host of measures to ensure 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.

**Mitigation:** The Company has a R&D team responsible for keeping a close eye on emerging trends and formulate new products to avoid risk redundancy risk.

**Supply risk:** Inadequate supply or unavailability of milk may lead to production delays and impact brand equity.

**Mitigation:** The Company has long-lasting relationship with farmers which enables it to ensure adequate inventory at all times. Further strong inventory management system enables to wade away supply risk. Amidst pandemic, when milk supply was more than demand the Company in order to secure it's farmers continued converted it to higher shelf life products.

**Concentration risk:** Dependence of business in only four states reduces robustness of business as any unforeseen changes in economy of these states may hamper sustainability.

**Mitigation:** 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.

**Mitigation:** Long legacy, strong brand equity, unparalleled bond with all stakeholders and undivided focus on innovation gives a strong edge to the Company over competition.

**Regulatory risk:** Any unforeseen changes in the legal and regulatory environment may lead to non-compliance to local and global laws and regulations. This may result in erosion of brand equity and may result in claims or enforcement.

**Mitigation:** The Company's robust risk and controls management system ensures strict compliance to 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 CONTROLS AND ADEQUACY

To encourage a strong culture of integrity and ethics, management efficiency, provide reasonable assurance on efficient conduct of business and ensure 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 is effectively managed by the Board of Directors who set the guidelines, 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, regular assessment of the effectiveness of IFC systems is conducted.

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

## CSR

The Company believes in inclusive growth encompassing health, welfare and development of the people working with it and communities around the workplace. Since White Revolution days, the Company has been striving to relieve the stress of dairy farmers.

PMFL provides support to dairy farmers through various initiatives like transparent procurement pricing, subsidized cattle feed, free cattle

vaccinations and free health camps. The Company always procures all the produce of the farmer even if there is surplus. During pandemic, when supply chains were disrupted and milk demand had become lower than produce, the Company continued to procure all the produce from farmers and converted it into high shelf life products.

The Company supplies milk to deaf school children in the Narodi village of Ambegaon taluka in the Pune district of Maharashtra on a daily basis. The Company provides shelter and care 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 also engages in teaching farm best practices to farmers in surrounding areas through study tour of Bhagyalaxmi Dairy Farm, helping them to understand techniques of improving cows' milk yields.

## ENVIRONMENT SUSTAINABILITY

The Company practices Zero Accident Culture and drives several workplace safety initiatives. All manufacturing units adhere to 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 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 ensuring business continuity so that the consumer is well provided for. Day-to-day health monitoring of all employees and sanitising the workplace were judiciously practised. Social distancing measures were implied within the plant boundaries and all transport vehicles adhered to safety rules prescribed by the government. The Company employed limited manpower and adopted 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.



## Board's Report

### Dear Members,

The Board of Directors present the Company's Twenty-Ninth Annual Report and the Company's audited standalone and consolidated financial statements for the financial year ended March 31, 2021.

### FINANCIAL HIGHLIGHTS

The Company's financial results (standalone and consolidated) for the financial year ended March 31, 2021, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs (MCA).

The standalone and consolidated financial results for the financial year ended March 31, 2021 is summarized below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<b>Revenue from Operations</b>	<b>17,917.35</b>	<b>23,912.77</b>	<b>18,417.63</b>	<b>24,379.24</b>
Other Income	68.24	29.19	135.09	75.99
<b>Total Income</b>	<b>17,985.59</b>	<b>23,941.96</b>	<b>18,552.72</b>	<b>24,455.23</b>
Earnings before interest, Depreciation and Tax	1,335.61	2,146.28	1,382.96	2,187.01
Less:- Depreciation	493.76	513.75	517.98	536.41
Less :- Interest	455.18	380.41	457.74	381.04
Profit before Tax and exceptional items	386.67	1,252.12	407.24	1,269.56
Exceptional Items	--	--	--	--
Profit / (loss) before tax	386.67	1,252.12	407.24	1,269.56
Tax expense				
(i) Current tax	61.12	293.13	61.12	297.88
(ii) MAT (Credit) / Reversal	0	35.38	0	53.83
(iii) Deferred tax	70.41	17.23	63.5	23.22
(iv) Tax adjustment in respect of earlier years	80.6	0	75.57	-42.26
Profit for the period/year after tax	174.54	906.38	207.05	936.89
<b>Earnings per Share</b>				
Basic	2.08	10.80	2.47	11.16
Diluted	2.08	10.78	2.46	11.14

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

\* Final dividend for 2021: ₹ 0.50 per equity share of ₹10 each.

### FINANCIAL PERFORMANCE

The performance of the Company was impacted due to the COVID-19 pandemic resulting in the Company reporting de-growth in revenue from operations of 25% over the Previous Year. At Standalone level, the Revenue from operations for FY 2020-21 stood at ₹ 17,917.35 Million as compared with ₹ 23,912.77 Million in the Previous Year 2019-20. The Profit before Tax for FY 2020-21 stood at ₹ 386.67 Million as against ₹ 1,252.12 Million in the Previous Year 2019-20. The Profit after Tax for FY 2020-21 stood at ₹ 174.54 Million against ₹ 906.38 Million reported in the Previous Year 2019-20. The operations

and financial results of the Company are elaborated in the Management Discussion and Analysis Report (MDAR).

The Consolidated Revenue from operations for FY 2020-21 was ₹ 18,417.63 Million as compared to ₹ 24,379.24 Million in the Previous Year 2019-20, registering a de-growth of 24%. The Consolidated Profit before Tax for FY 2020-21 stood at ₹ 407.24 Million as compared to ₹ 1,269.56 Million in the Previous Year 2019-20. The Consolidated Profit after tax for FY 2020-21 stood at ₹ 207.05 Million as compared to ₹ 936.89 Million in the Previous Year 2019-20.

### PERFORMANCE ANALYSIS AND OUTLOOK

The COVID-19 pandemic which has been a once in a lifetime occurrence has brought with it great suffering to people and to almost all sectors of the economy. The nationwide lockdowns to limit the transmission of COVID, has put the global economy in extreme stress and would have a long-lasting economic impact upon the Country too.

The long-lasting and evolving nature of this pandemic with its resurfacing in the form of second wave at the close of the year has once again created uncertainty, including adverse economic impact on India. Hopefully, the outreach of vaccination drives across the country, additional efforts to set up adequate medical infrastructure and procurement of required medical supplies, in addition to continued adherence to COVID-19 safety protocols will help in overcoming this unprecedented situation.

Company Growth for FY 2020-21 was affected adversely due to:

- Business from the HORECA segment (Hotel, Restaurants and Catering Channel Partners) was impacted during the year due to lockdowns across the country during the year.
- A large part of our Liquid Milk is distributed through Modern Trade channel and due to pandemic situation and subsequent lockdowns, Modern Trade channel was highly affected as well as there has been shift in consumer buying behaviour from these outlets, leading to lower revenues.
- Lower commodity sales (Skimmed Milk Powder) (SMP) due to lockdown related disruptions

Raw milk prices dipped during the first quarter because of demand softening and disruptions in unorganized channel. In order to support the farmers during this season, we procured excess milk during that period and converted into inventories of various products as per requirements and a part of these inventories were liquidated in subsequent quarters. However, the raw milk prices increased post easing of lockdown restrictions after first phase and peaked in last quarter of FY 2020-21 and reached levels of last year.

Further, with overall dip in sales turnover and fixed costs persisting at similar levels, we have seen some contraction in operating margins. With operating leverage to play out, we expect our margins to improve once our revenues come back to normalcy.

In the month of April – May 2021, our Company raised funds through preferential allotment of equity shares, Warrants, FCCBs and other debt Instruments. This will help reduce the overall debt burden of our company. The funds will also be utilized for meeting our capex requirements over the next 2 years and would free up our cash flows during that period. Additionally, the proceeds would be utilised to enhance working capital for future growth.

This would provide enough firepower to bolster the balance sheet and propel the company into motion for future growth.

We believe that COVID-19 will bring up new opportunities across dairy and FMCG sectors and our Company being a well-established player in the value-added segments with a pan – India distribution reach is well placed to capture these opportunities and increase our market share.

We have been committed to our long-term goal of providing the highest level of consumer satisfaction with our host of well-established brands and we are confident of achieving robust operational and financial performance with full-fledged revival in demand across product categories.

### DIVIDEND

The Board of Directors at their meeting held on June 12, 2021, recommended a final dividend of ₹ 0.50/- per equity share i.e. 5% of face value of ₹ 10/- each for the financial year ended March 31, 2021, subject to approval of the shareholders at the ensuing 29<sup>th</sup> Annual General Meeting ("AGM").

If approved, the dividend would result in a cash outflow of ₹ 4,76,87,921 /-. payable to those Shareholders whose names appear in the Register of Members as on the Book Closure / Record Date. The total dividend pay-out works out to 27.32% (Previous Year: 4.63%) of the Company's standalone net profit. In view of the amendment in the Income Tax Act, 1961 through the Finance Act, 2020, imposition of Dividend Distribution Tax (DDT) has been abolished. The dividend, if declared, at the ensuing AGM will be taxable in the hands of the members of the Company and the Company is required to deduct tax at source ("TDS") from dividend paid to the Members at prescribed rates as per the Income Tax Act, 1961.

The Dividend declared/recommended is in accordance with the Company's Dividend Distribution Policy, which has been disclosed on the Company's website, [www.paragmilkfoods.com](http://www.paragmilkfoods.com), as required under Regulation 43-A of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended.

### TRANSFER TO GENERAL RESERVE

The Board of Directors have decided to retain the entire amount of profit for FY 2020-21 in the profit and loss account.

### SHARE CAPITAL

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

As on March 31, 2021, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

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

### BUSINESS OVERVIEW

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



consumers health and nutrition. From producing only fresh milk and Skimmed Milk Powder (SMP) at the outset, the Company has come a long way to becoming one of the market leaders of a wide range of value-added consumer products such as cheese, ghee, paneer, curd, dairy based beverages, whey protein amongst others. The Company has successfully combined the best aspects of co-operatives back-end and an efficient FMCG companies front-end to pursue rapid growth over the years. The Company has four highly successful brands namely Gowardhan, Go, Pride of Cows and Avvatar. These brands together encompass a range of dairy industry segments – premium, modern and traditional, providing the Company diverse growth opportunities. The Company's manufacturing facilities are strategically located at Manchar in Maharashtra, Palamaner in Andhra Pradesh and Sonipat in Haryana, to serve the markets efficiently and widen the distribution reach. Each plant boasts of state-of-the-art technologies.

The Bhagalaxmi Dairy Farms at Manchar, India's largest cow farm, is one of the most technologically advanced facilities in India. Leveraging on innovation, diverse set of products and quality, PMFL's goal is to become the largest dairy FMCG Company in the country. Our endeavor remains to continuously revise our product offerings to cater to diverse consumer needs. Being a vertically integrated company enables PMFL to make all its products from scratch such as milk, cheese, paneer, ghee, whey proteins and others. This, we believe will be a key differentiating factor for PMFL and is likely to result in the company extending its market leadership and profitability across product categories over the medium to long term. Currently, we have pan-India distribution with more than 3,50,000 retail touch points. We have 21 depots and are connected with over 3,000 distributors and 200+ super stockists across the country. We engage with our consumers at these touch points through an 800+ member strong sales and marketing team. In the year where across the industry, product launches had taken a backseat, we continued to roll out new products – Ghee and Curd under our premium brand, Pride of Cows and introduced Grated Paneer and Star curd under our flagship Gowardhan brand.

The year FY20-21 was a challenging year posed by impact of first wave of COVID-19 and later the more gruesome second wave, wherein a part of our business that comes out of home consumption suffered and impacted the overall topline. In these trying times we stayed firm with all our stakeholders from farmers, to vendors to supply chain and logistics partners, and navigated the tough times and came out lean and strong. On the raw material front, the milk prices continue to remain on an upswing, and peaked in Q4FY20, impacting our margins. We consolidated our focused categories and continued our work on driving greater efficiencies in product management and consumer outreach.

Despite Pandemic, we continued with our launch initiatives and during the year we expanded our premium Pride of Cows offering with the launch of Pride of Cows single origin Ghee and Pride of Cow Curd.

We are one of the few 'farm-to-fork' dairy FMCG companies in India giving us complete control of the quality of our products.

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

#### EXPORT MARKET

Parag Milk Foods Limited continues to enjoy a strong presence and brand recall of Go and Gowardhan brands across several geographies through its exports to UAE, Singapore, Mauritius, Oman, Kuwait, Saudi Arabia, Congo, Hong Kong, Philippines, Sri Lanka, Bangladesh, Maldives, USA, Thailand, Nepal, Bhutan, Ghana, Malaysia, Qatar etc. We have also exported Paneer to a major Quick Service Restaurant (QSR) across Gulf Cooperation Council (GCC) countries. Export sales amounted to ₹ 327.63 Million for the Financial Year ended March 31, 2021.

#### MATERIAL CHANGES AFFECTING THE COMPANY

There have been material changes which have affected the financial position of the Company which have occurred between the end of financial year and the date of this report.

Pursuant to the Board Resolutions passed in April 2021 and Shareholders Resolution vide Extra-Ordinary General Meeting held on April 26, 2021 the Company was authorized to raise funds via Issue of Non-Convertible Debentures (NCD), Convertible Warrants, Equity Shares and Foreign Currency Convertible Bonds (FCCBs).

During the month of April and May 2021, the Company had issued and allotted Non-Convertible Debentures (NCDs), Convertible Warrants on Preferential Basis, Equity Shares on Preferential Basis and Foreign Currency Convertible Bonds (FCCBs) on Private Placement basis.

The Company allotted 1,00,00,000 Warrants to Mr. Devendra Prakash Shah and Mrs. Netra Pritam Shah belonging to the Promoter and Promoter Group on May 10, 2021 at a price of ₹ 111/- (including a premium of ₹ 101/-) per warrant entitling them for the subscription of equivalent number of equity shares of ₹ 10/- each at ₹ 111/- each (including premium of ₹ 101/- per share) as per the provisions of Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").

Consecutively, the Company allotted 1,12,61,259 Equity Shares of ₹ 10/- each at a price of ₹ 111/- (including a premium of ₹ 101/-) per equity share to Non-Promoters. Out of the total 1,12,61,259 Equity Shares, the Company allotted:

- 67,56,756 equity shares of face value ₹ 10/- each ("Equity Shares") at a price of ₹ 111/- (including a premium of ₹ 101/-) per share, for a total consideration of

₹749,999,916/- (Rupees Seventy Four crores Ninety-Nine lacs Ninety-Nine Thousand Nine Hundred and Sixteen) to International Finance Corporation (IFC) (Investor).

- 18,01,801 equity shares of face value ₹ 10/- each ("Equity Shares") at a price of ₹ 111/- (including a premium of ₹ 101/-) per share, for a total consideration of ₹ 19,99,99,911/- (Rupees Nineteen crores ninety-nine lacs ninety-nine thousand nine hundred eleven only) to Sixth Sense India Opportunities II (Investor) and
- 27,02,702 equity shares of face value ₹ 10/- each ("Equity Shares") at a price of ₹ 111/- (including a premium of ₹ 101/-) per share, for a total consideration of up to ₹ 29,99,99,922/- (Rupees Twenty-nine crores ninety-nine lacs ninety-nine thousand nine hundred twenty-two only) to Sixth Sense India Opportunities III (Investor).

Post the allotment of equity shares, paid-up share capital of the Company became ₹ 95,37,58,410/- (Rupees Ninety Five Crores Thirty Seven Lacs Fifty Eight Thousand Four Hundred and Ten Only) divided into 9,53,75,841 (Nine Crores Fifty-Three Lacs Seventy-Five Thousand Eight Hundred and Forty One) equity shares of ₹ 10/- (Ten) each.

Subsequently, on May 18, 2021 the Company allotted 1,500 (One Thousand Five Hundred) Unlisted, Secured, Redeemable, Non-Convertible Debentures (NCDs) having Face Value of ₹ 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating to ₹ 150,00,00,000/- (Rupees One Hundred Fifty Crores Only) on Private Placement basis to International Finance Corporation (IFC).

Lastly, the Company on May 28, 2021 allotted 10,680 (Ten Thousand Six Hundred Eighty Only) unlisted, unsecured, unrated foreign currency convertible bonds ("FCCBs") of face value of US\$1000 each aggregating to US \$10,680,000 (Dollars Ten Million Six Hundred and Eighty Thousand) by private placement to International Finance Corporation ("IFC").

#### SUBSIDIARY

In terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board has approved a Policy for determining material subsidiaries. The same is also available on the website of the Company at [www.paragmilkfoods.com](http://www.paragmilkfoods.com). Further, in terms of the said policy, the Company does not have a material subsidiary.

The Company has 1 Wholly Owned Subsidiary (WOS) as on March 31, 2021. There has been no material change in the nature of the business of the subsidiary.

#### Bhagalaxmi Dairy Farms Private Limited: Wholly Owned Subsidiary of the Company

Bhagalaxmi is India's first modern dairy farm consisting of 2300 Holstein Friesian cows, equipped with state-of-the-art technology for feeding, milking and processing of fresh

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

During FY 2020-21, 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 Companies Act, 2013 ("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.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements of the subsidiary are uploaded on the website of the Company i.e. [www.paragmilkfoods.com](http://www.paragmilkfoods.com) under 'Investors' tab. Any Member desirous of having a copy of the Financial Statements of the subsidiary company can obtain the same from the Company by making a written request in this regard.

#### Performance highlights of the subsidiary is given below:

(₹ in Million)

Sr. No.	Particulars	FY 2020-2021	FY 2019-2020
1.	Total Revenue	686.99	772.00
2.	Profit before Interest, Tax and Depreciation	47.36	40.71
3.	Profit after Tax	32.52	30.51

#### 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 29th 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](http://www.paragmilkfoods.com).

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Change in Directorate

During the year under review, Mr. Sunil Goyal on completion of his 1st term of 5 years as Independent Director discontinued from the Board of the Company w.e.f. May 25, 2020.

### Appointment / Re-appointment:

In the FY 2020-21, Mr. Narendra Ambwani and Ms. Radhika Dudhat were re-appointed as Independent Director to hold office for a second term of 5 (five) consecutive years on the board of the company with effect from May 26, 2020 and Mr. Nitin Dhavalikar was re-appointed as Independent Director to hold office for a second term of 5 (five) consecutive years with effect from July 28, 2020.

The Board consists of seven directors, viz. two Promoter Directors, one Non-Executive Non Independent Director and four Independent Directors including one Independent Woman Director. This meets with the requirements of the Companies Act, 2013 and rules framed thereunder and the requirements under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Memorandum & Articles of Association of the Company, Mr. Devendra Shah, whole time director, retires by rotation, and being eligible offers himself for reappointment

### 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, 2021

1. Mr. Devendra Prakash Shah	- Whole time Director
2. Mr. Pritam Prakash Shah	- Managing Director
3. Mr. Shashikant Dalmia	- Chief Financial Officer
4. Ms. Rachana Sangneria	- Company Secretary & Compliance Officer
5. Mr. Venkat Shankar	- Chief Executive Officer (CEO)-resigned w.e.f June 29, 2020

### Declaration by Independent Directors

The Company has received necessary declaration from all the four Independent Directors under Sub-section 7 of Section 149 of the Companies Act, 2013 that they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of the Companies Act, 2013.

The Independent Directors have complied with the Code of Conduct prescribed in Schedule IV to the Act

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.

### Board Evaluation

The Company has devised a policy for the performance evaluation of the individual directors, Board and its Committees, which also includes the criteria for carrying out the said performance evaluation. 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) 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. 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 20, 2021 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 Directors also discussed the quality, quantity and timeliness of flow of information between the Company management and the Board, which is necessary for the Board to effectively and reasonably perform their duties. The feedback of the meeting was shared with the Chairman of the Company.

For the year under review, the Board carried out the evaluation of its own performance and that of its Committees and the individual Directors and the evaluation results, as collated and presented, were noted by the Board.

### Familiarization Programme for Independent Directors

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 the familiarization policy is also available on the Company's website i.e. [www.paragmilkfoods.com](http://www.paragmilkfoods.com) under 'Investors' tab.

### Meetings of the Board of Directors

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

### Meetings of the Audit Committee

During the year under review, the Audit Committee met four times i.e. on June 29, 2020, September 7, 2020, November 9, 2020 and February 5, 2021.. The details of the meetings, composition and terms of the reference of the Committee are given in the Corporate Governance Report which forms a part of the Annual Report.

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

The Board of Directors has formulated a Nomination and Remuneration Policy in terms of the provisions of subsection (3) of Section 178 of the Act and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dealing with appointment and remuneration of Directors, Key Managerial Personnel and Senior Management.

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

The said Policy is available on the website of the Company viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual financial statements for the Financial Year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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, 2021.
- 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;
- that the directors had prepared the annual financial statements for the Financial Year ended March 31, 2021 on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- 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 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 FRAMEWORK

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

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

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the requirements of the section 177(9) of the Companies Act, 2013 and regulation 22 of the SEBI Listing Regulations. The Audit Committee reviews the functioning of the whistle blower policy. The policy/vigil mechanism enables directors and employees to report directly to the management their concerns about unethical behaviour, any actual or suspected fraud or violation of the Company's code of conduct or ethics policy and leak or suspected leak of unpublished price sensitive information ("UPSI"). More details are given in Corporate Governance Report.

The Company has adopted a 'Whistle-Blower Policy' for Directors and Employees to report genuine concerns and to provide adequate safeguards against victimization of persons who may use such mechanism.

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](http://www.paragmilkfoods.com)

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a Corporate Social Responsibility ("CSR") Committee in accordance with Section 135 of the Companies Act, 2013. Details of the composition are given separately as part of the Corporate Governance Report. The Company has undertaken the CSR activities in accordance with the CSR Policy of the Company adopted in accordance with Schedule VII of the Act. The Company has revised the policy on Corporate Social Responsibility ('CSR') to include changes based on Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 and the revised



policy as recommended by the CSR Committee and approved by the Board can be accessed on the Company's website at [www.paragmilkfoods.com](http://www.paragmilkfoods.com) under 'investors' tab.

The brief outline of the CSR policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure III** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. 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.

#### RELATED PARTY TRANSACTIONS

Related Party Transactions entered into during the year under review were approved by the Audit Committee and the Board of Directors, from time to time and the same are disclosed in the Financial Statements of the Company for the year under review. Further, pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board of Directors has, on recommendation of the Audit Committee, adopted a Policy on Related Party Transactions and the said policy is available on the website of the Company i.e. <https://www.paragmilkfoods.com/investors.php>.

In terms of the provisions of Section 188(1) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI Listing Regulations, all contracts/ arrangements/ transactions entered into by the Company with its related parties, during the year under review, were in the ordinary course of business of the Company and on arm's length basis. There were no material Related Party transactions during the year. Accordingly, Form No. AOC-2, prescribed under the provisions of Section 134(3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, for disclosure of details of Related Party Transactions, which are "not at arm's length basis" and also which are "material and at arm's length basis", is not provided as an annexure to this Report as it is not applicable.

#### PARTICULARS OF LOANS GRANTED, GUARANTEE GIVEN 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 details of loans given and investments made in accordance with Schedule V of the Listing Regulations, have been disclosed in the financial statements.

#### BUY BACK

The Company has not bought back any of its securities during the Financial Year ended March 31, 2021.

#### DEPOSITS

The Company does not accept and/or renew Fixed Deposits from the general public and shareholders. The Company has not accepted any deposits within the meaning of sub-section

(31) of Section 2 and Section 73 of the Companies Act, 2013 ("the Act") and the Rules framed thereunder. As on March 31, 2021, there were no deposits lying unpaid or unclaimed.

#### PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"), the Company has adopted an internal Policy on Sexual Harassment at Workplace (Prevention, Prohibition and Redressal). The policy is applicable for all employees of the organization, which includes corporate office, branches, depots and manufacturing locations etc. The policy is applicable to non-employees as well i.e. business associates, vendors, trainees etc.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the POSH Act to redress complaints received on sexual harassment as well as other forms of verbal, physical, written or visual harassment.

During the financial year under review, the Company did not receive any complaints of sexual harassment and no cases were filed under the POSH Act.

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

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

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

Company continues its efforts to reduce and optimize the energy consumption at all of its manufacturing facilities, including corporate offices at Pune and Mumbai.

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 enclosed as **Annexure IV**.

#### ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the website of the Company in the following link <https://www.paragmilkfoods.com/investors.php>.

#### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Disclosure comprising particulars with respect to the remuneration of directors and employees, as required to be

disclosed in terms of the provisions of Section 197(12) of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as **Annexure V**.

#### 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 28<sup>th</sup> Annual General Meeting of the Company, the Shareholders had approved the appointment of M/s. Sharp & Tannan, Chartered Accountants, Mumbai (Firm Registration No.109982W) as the Statutory Auditors of the Company, to hold office for a period of 5 (five) years from the 28<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company, in terms of the applicable provisions of Section 139(1) of the Act read with the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report on the Financial Statements (Standalone and Consolidated) of the Company for the year under review, is clean and there are no qualifications in their Report. Also, no frauds in terms of the provisions of Section 143(12) of the Act have been reported by the Statutory Auditors in their report for the year under review.

The Notes to the Financial Statements (Standalone and Consolidated) are self-explanatory and do not call for any further comments.

#### COST AUDITORS

In terms of the provisions of Section 148 of the Act, the Company had appointed M/s. Harshad Deshpande & Associates, Cost Accountants, Pune (Firm Registration Number: 00378), as the Cost Auditor to conduct an audit of its Cost Accounting Records for the financial year 2020-21, pertaining to products of the Company as required by the law. The Cost Audit Report submitted by the Cost Auditor, was clean and there was no qualification in their Report.

Further, the Company has re-appointed M/s. Harshad Deshpande & Associates, Cost Accountants, as the Cost Auditor for the Financial Year 2021-22, to conduct an audit of its Cost Accounting Records pertaining to said products, at a remuneration of ₹ 1,00,000 p.a. (Rupees One Lac) plus Goods and Service tax and out of pocket expenses. The Company is seeking the approval of the Shareholders by means of ratification, for the remuneration to be paid to M/s. Harshad Deshpande & Associates, Cost Accountants vide Resolution No. 4 of the Notice of the ensuing Annual General Meeting.

Certificate from M/s. Harshad Deshpande & Associates, Cost Accountants, has been received to the effect that their appointment as Cost Auditor, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

#### SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. N. L. Bhatia & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the financial year 2020-21. 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 and therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 issued by Securities and Exchange Board of India, the Company has obtained the Annual Secretarial Compliance Report for the financial year ended 31<sup>st</sup> March, 2021, confirming compliance of the applicable SEBI Regulations and circulars/ guidelines issued thereunder, by the Company.

#### 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 Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

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**  
**Parag Milk Foods Limited**

**Devendra P. Shah**

Place :Mumbai  
Date :July 29, 2021

Chairman  
DIN: 01127319



## ANNEXURE – I

### Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures as per the Companies Act, 2013 for the financial year ended March 31, 2021

(Amount in Million)

1 Name of the Subsidiary	Bhagalaxmi Dairy Farms Private Limited
2 The date since when subsidiary was acquired	December 2, 2003
3 Reporting period for the subsidiary - concerned, if different from the holding company's reporting period	April 1, 2020 to March 31, 2021
4 Reporting Currency and Exchange rate as on the last date of the relevant - Financial year in the case of foreign subsidiaries	Indian Rupees
5 Share Capital (₹)	57.85
6 Reserves & Surplus	648.1
7 Total Assets	1102.93
8 Total Liabilities	396.98
9 Investments	0.003
10 Turnover (total revenue including other income)	686.99
11 Profit/ (Loss) before Taxation	20.58
12 Tax Expense/ (Benefit)	(11.94)
13 Profit/ (Loss) after Taxation	32.52
14 Other Comprehensive Income	0.09
15 Total Comprehensive Income	32.61
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 Directors

Place : Mumbai  
Date : July 29 2021

**Devendra P.Shah**  
Chairman  
DIN: 01127319

**Pritam P.Shah**  
Managing Director  
DIN: 01127247

## ANNEXURE – II

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

The details of activity under ESOS 2018 are summarized below:

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	1,15,765	258.9	1,66,015	258.9
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	13,726	258.9	50,250	258.9
Exercised during the year	-	-	-	-
Outstanding at the end of the year of which Options vested and exercisable at the end of the year	1,02,039	258.9	1,15,765	258.9

For and on behalf of the Board of Directors

Place : Mumbai  
Date : July 29, 2021

**Devendra P. Shah**  
Chairman  
DIN: 01127319



## ANNEXURE – III

### CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

#### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The CSR Policy provides for carrying out CSR activities in respect of those areas as provided in Schedule VII of the Companies Act, 2013. The Company shall take up activities mentioned in its policy as and when fruitful opportunity exists.

The Board of Directors of the Company has revised the CSR Policy as recommended by the Committee in line with the CSR Policy Amendment Rules, 2021.

As part of its initiative, under the Corporate Social Responsibility ("CSR") Company continues to contribute to Panjrapole where all cattle are accepted free of cost and are nurtured, taken care of and other stray cows and animals are protected. To empower the community around the local vicinity the Company has undertaken activities promoting education, healthcare, social welfare and help to the local farmers and rural development in accordance with the CSR Policy of the Company, read with Schedule VII of the Act. Also, the Company contributed towards COVID-19 expenses in Maharashtra and Palamner relating to promotion of health care including preventive health care and sanitation, and disaster management in accordance with General Circular No. 10/2020 and 15/2020 issued by MCA via Clarification on spending of CSR Funds for COVID-19.

Besides COVID-19 related initiatives and expenses in Maharashtra and Palamner, further community development and CSR initiatives are as below:

- Promotion of Education in Maharashtra
- Contributing to Panjrapole, where all cattle are accepted free of cost, to nurture and care for animals in distress and protect these stray cows & other stray animals (Ensuring Environmental Sustainability)
- 3,000+ people are being provided with healthy meals prepared in the company canteen on a daily basis.
- Sanitisation of Manchar and nearby villages.
- Covid-19 Awareness program conducted in surrounding school and colleges.
- At the plant, immunity booster foods were provided to local people.
- Assisted local hospitals & their staff (COVID warriors) by providing them essential equipment & food.

#### 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

#### 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](http://www.paragmilkfoods.com).

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

The Company had failed to spend ₹ 10.96 Million in FY 2019-20 due to outbreak of pandemic COVID-19. However, in the Current FY 2020-21, the Company spent in excess of ₹ 11.81 Million towards CSR Expenditure. The Company proposes to set-off the excess amount spent in the current FY with the deficiency of the previous year 2019-20.

#### 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

In the FY 2020-21, the Company spent in excess of ₹ 11.81 Million towards CSR Expenditure. The Company does not propose to set-off against the spend under section 135(5).

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ )	Amount required to be setoff for the financial year, if any (in ₹ )
1.	2020-2021	Nil	Nil
<b>TOTAL</b>		<b>Nil</b>	

#### 6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5) – ₹ 1411.78 Million

#### 7. DETAILS OF:

- Two percent of average net profit of the company as per section 135(5) – ₹ 28.24 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) – ₹ 28.24 Million

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

Total Amount Spent for the Financial Year. (in ₹ )	Amount Unspent (in ₹ )				
	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
₹ 40.05 Million	NA	NA	NA	NA	NA

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

#### (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	Amount spent for the project (in Million.)	Mode of implementation on- Direct (Yes/No)	Mode of implementation -Through implementing agency
				State District			Name CSR registration Number
1.	Education	Promoting Education	Yes	Maharashtra Manchar	0.83	Yes	NA NA
2.	Contributing to Panjrapole.	Animal Welfare	Yes	Maharashtra Manchar	24.46	Yes	NA NA
3.	COVID-19 Expenses	COVID – 19 Expense	Yes	Maharashtra & Andhra Pradesh Manchar & Palamner	14.76	Yes	NA NA
<b>TOTAL</b>					<b>40.05</b>		



- (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) – ₹ 40.05 Million
- (g) Excess Amount for Set off, if any – Nil

Sr. No.	Particular	Amount (in Million ₹)
i.	Two percent of average net profit of the company as per section 135(5)	28.24
ii.	Total amount spent for the Financial Year	40.05
iii.	Excess amount spent for the financial year [(ii)-(i)]	11.81
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)]	Nil

9. A. Details of Unspent CSR amount for the preceding three financial years – Unspent Amount of ₹ 10.96 Million in FY 2019-20
- B. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) – Nil

**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) – Not Applicable

Amount of CSR spent for creation or acquisition of capital asset – Nil

Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – Not Applicable

Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) – Not Applicable

- 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) – Not Applicable**

For and on behalf of the Board of Directors

Place : Mumbai  
Date : July 29, 2021

**Devendra P. Shah**  
Chairman  
DIN: 01127319

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

## Annexure-IV

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

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

#### A. CONSERVATION OF ENERGY

Company is engaged in processing of milk and manufacturing of Milk products. Total consumption during the financial year 2020-21 is given in the form as below.

Sr. No.	Power and Fuel Consumption	Total Units
1	Electricity Consumption (Total No. of Units)	3,76,17,780
2	Own Generator through T.G. Set (Units)	26,24,322
3	D.G. Unit	3,73,507
4	Diesel / SKO consumed (LTR)	2,73,801
5	Furnace Oil Consumed (LTR)	2,05,360
6	Coal (kg)	3,90,50,707

#### B. STEPS TAKEN DURING THE YEAR FOR ENERGY CONSERVATION

During the financial year 2020-21 the following steps were undertaken by the Company which resulted in saving in energy consumption.

- 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.
- Replacement of existing pneumatic ghee packing machine with mechanical packing machine with servo injection. New machine power consumption is 1.5KW, whereas Old machine consumed 5.0KW. Also new machine doesn't require Compressed Air.
- Installed Variable frequency Drive (400KW) on various equipments at Lactose plant.
- Installed sealing – cooling Water recirculation arrangement for Lactose Evaporator plant.
- In Cheese Plant: Replaced 1 X 4 Fixture T5 –55Watt with LED Light - 16 Watt.(Total 60Fixtures replaced.)

#### 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 Ghee with distinct production process, aroma, taste as well as packaging. Further, the team developed "Pride of Cows' Curd with rich taste and thickness in a unique packaging. The team has also developed newer consumer products like "Four-Cheese' pack containing a mix of 4 different natural cheese, readily grated and use in variety of cuisines.

The team also augmented production process for Whey Permeate Powder (WPP) production, thereby increasing the recovery of solids.

The team is now working on developing a range of milk shakes and other drinks, to be launched later during the year.



**D. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Following are the details of the foreign exchange earned and used during the financial year 2020-21

(₹ In Millions)

Particulars	2020-21	2019-20
Foreign exchange earned	327.63	383.2
Foreign exchange used	290.74	272.86

**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			
		Name of the Directors	Category	Ratio ( In x times)	No. of ESOPs granted during 2020
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21.	Mr. Devendra Shah	Executive Chairman- Whole time Director	97.74	N. A.
		Mr. Pritam Shah	Managing Director	97.74	N. A.
		Mr. B. M. Vyas	Non-Executive Director	32.99	N. A.
		Mr. Ramesh Chandak	Independent Director	-	-
		Mr. Narendra Ambwani	Independent Director	-	-
		Mr. Nitin Dhavalikar	Independent Director	-	-
		Ms. Radhika Dudhat	Independent Director	-	-
		a. The median remuneration of all the employees of the Company was 20,462.50.			
b. For this purpose, Sitting Fees paid to the Directors has not been considered as remuneration.					
c. Figures have been rounded off wherever necessary.					
2.	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2020-21.	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	26.87%	
		Ms. Rachana Sanganeria	Company Secretary & Compliance Officer	N.A.	
3.	The percentage increase/decrease in the median remuneration of employees in the financial year 2020-21.	The percentage increase in the median remuneration of employees in the financial year 2020-21 is 5.7%.			
4.	Number of permanent employees on the rolls of the Company	There were 1,563 permanent employees of Parag Milk Foods Limited as on March 31, 2021			



S.No.	Disclosure Requirement	Disclosure Details
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 2020-21, the average increase is 5.61%.  Average decrease in managerial remuneration is 22.19%.
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	Yes, it is confirmed.

## Annexure VI

### FORM NO. MR-3

# SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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, 2021 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, 2021 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 (“FEMA”) and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015;
- e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;- **Not Applicable for this financial year**
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable for this financial year**
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable for this financial year**
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable for this financial year**
- i. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **Not Applicable for this financial year**



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

1. The Prevention of Food Safety and Standard Act, 2006
  - Food Safety and Standards Rules, 2011
  - Food Safety and Standards (Licensing and Registration of Food businesses) Regulation, 2011
  - Food Safety and standards (Packaging and Labelling) Regulation, 2011
  - Food Safety and standards (Food product standards and Food Additives) Regulation, 2011
  - Food Safety and standards (Prohibition and Restriction on sales) Regulation, 2011
  - Food Safety and standards (contaminants, toxins and residues) Regulation, 2011
  - Food Safety and Standards (Laboratory and sampling analysis) Regulation, 2011
2. The Petroleum Act, 1934 & Rule 2002
3. Legal Metrology Laws including Legal Metrology Act, 2009, Legal Metrology (Packaged Commodities) Rules, 2011
4. The States Shops and Establishment Act including Maharashtra Shops and Establishments Act, 1948
5. Inflammable Substances Act, 1952
6. Environment (Protection) Act, 1986 & Rules and notifications issued under the Act
7. Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981
8. Water (Prevention and Control of Pollution) Cess Rules, 1977 & 2003
9. Hazardous and other Wastes (Management & Transboundary Movement) Rules, 2016
10. The Noise Pollution (Regulation and Control) Rules, 2000
11. The Public Liability Insurance Act, 1991
12. The Energy Conservation Act, 2010
13. Biological Diversity Act, 2002
14. The Indian Boiler Act, 1923
15. The Gas Cylinder Rule, 1981
16. Central Motor Vehicle Rules, 1989
17. The Batteries (Management and Handling) Rules, 2001
18. The Indian Electricity Rules, 1956
19. The Public Liability Act, 1991 and The Public Liability Insurance (Amendment) Rules, 2007
20. The Manufacture, Use, Import, Export, and Storage of hazardous Microorganisms/ Genetically Engineered Organisms or Cells Rules, 1989
21. Competition Act, 2002
22. Consumer Protection Act, 2019

23. Tax Laws (Central & State Tax Laws):

- Income Tax Act, 1961
- State Goods and Services Tax Act
- Central Goods and Service Tax Act
- Interstate Goods and Service Tax Act

24. Employee Laws:

- Payment of Gratuity Act, 1972 and Payment of Gratuity (Central) Rules, 1972;
- The Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975;
- The Payment of Wages Act, 1936;
- Factories Act, 1948 and Maharashtra Factories Rules, 1963
- The Minimum Wages Act 1948;
- The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and Scheme framed thereunder;
- The Employees' State Insurance Act 1948;
- The Maternity Benefit Act, 1961;
- The Contract Labour (Regulation and Abolition) Act, 1970 & Rules;
- Equal Remuneration Act, 1976;
- Workmen's Compensation Act, 1923;
- Employment Standing Orders Act, 1946;
- Child Labour (Prohibition and Regulation) Act, 1986;
- The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- Labour Welfare Fund Act, 1953

25. Indian Stamp Act, 1899 and the State Stamp Acts;

26. Indian Contract Act, 1872

27. Negotiable Instruments Act, 1881

28. Information Technology Act, 2000

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

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

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

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

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



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

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

**We further report that**, during the audit period, the Members at the Annual General Meeting held on September 29, 2020 approved the following by passing special resolutions:

1. Re-appointment of Mr. Ramesh Chandak as an Independent Director for a second term of 5 (five) consecutive years on the board of the company with effect from June 24, 2021 upto June 23, 2026.
2. 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.

**We further report that**, during the audit period, the Company at the Annual General Meeting held on September 29, 2020, declared Final Dividend on equity shares at the rate of ₹ 0.50/- per equity share for the financial year ended March 31, 2020.

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

Practicing Company Secretaries  
UIN: P1996MH055800

**Bharat R. Upadhyay**

Partner

FCS: 5436

CP. No.: 4457

UDIN: F005436C000448010

P/R No.: 700/2020

**Date:** June 11, 2021

**Place:** Mumbai

To,

The Members,

**Parag Milk Foods Limited**

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

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

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

Practicing Company Secretaries  
UIN: P1996MH055800

**Bharat R. Upadhyay**

Partner

FCS: 5436

CP. No.: 4457

UDIN: F005436C000448010

P/R No.: 700/2020

**Date:** June 11, 2021

**Place:** Mumbai



## Corporate Governance Report

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

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Parag Milk Foods Limited ("the Company") recognises strong corporate governance as a pre-requisite for meeting the needs and aspirations of its stakeholders which it establishes by the application of best management practices, compliance of laws in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders. Transparency, integrity, professionalism and accountability - these values form the basis of the Company's philosophy for Corporate Governance. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholders' expectations.

### 2. BOARD OF DIRECTORS ("BOARD")

An enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. The Board is committed to the goal of sustainably elevating the Company's value creation. The Company has defined guidelines and an established framework for the meetings of the Board and its Committees. 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 fully committed to the best practices for effective Corporate Governance.

(a) As on March 31, 2021, the strength of the Board was seven Directors. The Board of Parag Milk Foods Limited comprises of an optimum composition of Executive and Non-Executive Directors. The Managing Director and the Chairman being Whole-time director are the two Executive Directors. There are five Non-Executive Directors comprising of one non-executive non-independent director and four non-executive independent directors including one woman independent director. The composition of Board of Directors meets with the requirement under the provisions of Companies Act, 2013 ("The Act") and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended.

(b) In view of the ongoing Covid - 19 pandemic, all the meetings during the year ended March 31, 2021 were held through Video Conferencing/ Other Audio Visual Means without the physical presence of the directors/members in accordance with the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India. During the financial year 2020-21, the Board of Directors met four times i.e., on June 29, 2020, September 7, 2020, November 9, 2020 and February 5, 2021. The maximum gap between any two consecutive meetings was less than one hundred and twenty days, as stipulated under Section 173(1) of the Act, and Regulation 17(2) of the Listing Regulations and the Secretarial Standards issued by Institute of Company Secretaries of India (ICSI). In terms of Regulation 17 of the Listing Regulations the non - executive independent directors constitute 50% of the Board as on March 31, 2021. The members of the Board are from diverse backgrounds having expertise in the fields like Industry, Management, Technicalities, Finance, Legal, Marketing etc.

The 28<sup>th</sup> AGM of the Company was held on September 29, 2020 by Video Conferencing / Other Audio Visual Means through e-voting system of the National Securities Depository Limited (NSDL)

Details of the Directors of the Company and their attendance at the Board Meetings held during the financial year 2020-21 and the Annual General Meeting of the Company is as follows:

Name of the Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at the 28 <sup>th</sup> Annual General Meeting
Mr. Devendra P. Shah DIN: 01127319	Promoter-Executive Chairman (Whole time Director)	4	Yes
Mr. Pritam P. Shah DIN: 01127247	Promoter - Managing Director	4	Yes
Mr. B.M. Vyas DIN: 00043804	Non-Executive Non-Independent Director	3	Yes
Mr. Ramesh Chandak DIN: 00026581	Independent Director	4	Yes
Mr. Narendra Ambwani DIN: 00236658	Independent Director	4	Yes
Mr. Nitin Dhavalikar DIN: 07239870	Independent Director	4	Yes
Ms. Radhika Dudhat DIN: 00016712	Independent Director	4	Yes

(c) Number of other Board of Directors or Committees (other than the Company) in which the Director is a Chairman / Member (excluding private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013) and their category of directorship as on March 31, 2021, is as follows:

Name of the Directors	No. of Directorships	No. of Audit Committees and Stakeholders' Relationship Committees* in which Chairman/ Member	
		Chairman	Member
Mr. Devendra Shah	0	-	0
Mr. Pritam Shah	0	-	0
Mr. B. M. Vyas	0	0	0
Mr. Ramesh Chandak	5	3	6
Mr. Narendra Ambwani	3	1	6
Mr. Nitin Dhavalikar	0	0	0
Ms. Radhika Dudhat	2	2	4

\* As per Regulation 26(1)(b) of SEBI Listing Regulations.

Details of their directorships in listed entities other than the Company and their category of directorship as on March 31, 2021, are as follows:

Name of the Directors	Names of Listed Entities	Category of Directorship
Mr. Devendra Shah	-	-
Mr. Pritam Shah	-	-
Mr. B. M. Vyas	-	-
Mr. Ramesh Chandak	i) Ram Ratna Wires Limited	(Non-Executive Independent Director)
	ii) KEC International Limited	(Non-Executive Independent Director)
	iii) Summit Securities Limited	(Non-executive Independent Director)
	iv) Prince Pipes and Fittings Limited	(Non-Executive Independent Director)
Mr. Narendra Ambwani	i) Agro Tech Foods Limited	(Non-Executive Independent Director)
	ii) RPG Life Sciences Limited	(Non-Executive Independent Director)
	iii) Godrej Consumer Products Limited	(Non-Executive Independent Director)
Mr. Nitin Dhavalikar	-	-
Ms. Radhika Dudhat	i) Jain Irrigation Systems Limited	(Non-Executive Independent Director)
	ii) Tips Industries Limited	(Non-Executive Independent Director)

The number of directorships and the positions held by them on Board and Committees are in conformity with the limits on the number of directorships and Committee positions as laid down in the Companies Act, 2013 and SEBI Listing Regulations, as on March 31, 2021.

(d) Number of meetings of the Board held and dates on which they were held during the year are given in Clause 2(b) above

(e) 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 brothers.

(f) **Disclosure of Shareholding of Non-Executive Directors:** None of the Independent Non-Executive Directors hold any equity shares or convertible instruments of the Company during the financial year ended March 31, 2021, except Mr. Narendra Ambwani who holds 4500 equity shares of the Company.

(g) **Familiarization Programmes**

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

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

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.

The Independent Directors are also exposed to the constitution, Board procedures, matters reserved for the Board and major risks facing the business and mitigation programs. The Independent Directors are also 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 them with significant insight into the business of the Company. The details of familiarization programme imparted to Independent Directors during the financial year 2020-21, if any are available at the Company's website and can be accessed at [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

(h) **A Chart / Matrix setting out the skills / expertise / competence of the Board of Directors**

(i) The Directors on the Board are eminent personalities and leaders and have expertise in their respective functional areas. These directors bring in the required skills, competence and expertise to the Board. These Directors are nominated based on well-defined selection criteria. Nomination and Remuneration Committee ('NRC') considers key skills, qualifications, expertise and competencies, whilst recommending to the Board the candidature for appointment of a Director. The Board of Directors have, based on the recommendations of the NRC, identified various core key skills/expertise/competencies of Directors as required in the context of business of the Company for its effective functioning which are currently possessed by the Board Members of the Company and mapped against each of the Directors.

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

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

- i. *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. A broad range of commercial / business experience, preferably in areas relating or relevant to the Company's business.*
- ii. *Marketing & Communications and Consumer expectations - Knowledge of and exposure to nuances of marketing and public promotion campaigns, and ability to gather information relating to consumer expectations and grievances.*
- iii. *Behavioural Skills – attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders.*
- iv. *Strategy and Planning – Ability to understand, review and guide strategy by analyzing the company's competitive position and benchmarking taking into account market and industry trends.*

v. *Legal acumen and exposure to changing regulatory landscape - Ability to understand the compliance requirements under various laws, and also to guide and ensure that the board's responsibility in overseeing compliance with statutory rules and regulations is properly discharged.*

vi. *Business & Financial acumen - Ability to understand and analyze key financial statements, critically assess financial viability and performance, oversee efficient use of resource.*

vii. *Governance- Experience in developing governance framework, serving the best interests of all stakeholders, driving board and management effectively, building long-term effective stakeholder engagements and sustaining corporate ethics and values.*

viii. *Risk Management - Experience in identifying and evaluating the significant risk exposures to the business strategy of the Company and assess the Management's action plan to mitigate the strategic, legal, compliance and operational risks.*

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 of the Board. These are as follows:

Sr. No.	Skills /Expertise/Competencies	DS	PS	BM	RC	NA	RD	ND
1.	Industry Knowledge	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Marketing & Communications and consumer expectations	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Behavioural Skills	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Strategy and Planning	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5.	Legal acumen and exposure to changing regulatory landscape	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6.	Business and Financial acumen	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7.	Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8.	Risk Management	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

(i) **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 read with Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations as on March 31, 2021. Further in terms of the Regulation 25(8), they have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

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

All such declarations/confirmations of Independent Directors are placed before the Board. Based on such confirmations, in the opinion of the Board, all Independent Directors of the Company fulfil the

conditions specified under the Act and SEBI Listing Regulations and are independent of the management of the Company.

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

(j) **Separate Meeting of Independent Directors**

Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, mandates the Independent Directors of the Company to hold at least one meeting in a financial year without the attendance of Non-Independent Directors and members of the management. At such meetings, the independent directors discuss, among other matters, the performance of the Company and risks faced by it, the flow of information to the



Board, competition, strategy, leadership, strengths and weaknesses, governance, compliance, human resource matters and performance of the executive members of the Board, including the Chairman.

During the year, the independent directors met without the presence of the Management. Due to the Corona virus pandemic still being persistent, the meeting of Independent Directors was held on March 20, 2021 through video – conferencing. The meeting was chaired by Mr. Ramesh Chandak, Independent Director wherein the Independent Directors inter alia discussed the following:

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

All the Independent Directors were present at this meeting through video-conferencing. The outcome of the meeting was apprised to the Chairman of the Company.

During the year, no Independent Director resigned before the expiry of his / her tenure

### 3. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal effectively with specific areas / activities as mandated by applicable regulations which concern the Company and need a closer review. The Chairman of the Board, in consultation with the Company Secretary and the committee chairperson, determines the frequency and duration of the committee meetings. Normally, all the committees meet two to four times a year. The Chairman of the respective Committee updates the Board about the summary of the discussions held in the Committee Meetings. The Board of Directors have confirmed that during the year, all recommendations of the Committee(s) were duly considered and approved by the Board of Directors and none of the recommendation made by any of the Committees have been rejected by the Board. The minutes of the meeting of all Committees are placed before the Board for noting / review. The Board Committees can request special invitees to join the meeting, as appropriate.

During the year, all recommendations of the Committees

of the Board which were mandatorily required have been accepted by the Board.

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

#### A. Audit Committee

The Audit Committee acts in accordance with the terms of reference specified by the Board which includes the recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditor's independence and performance and effectiveness of the audit process, examination of the financial statements and the auditor's report thereon, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers and related matters.

As at March 31, 2021, Mr. Nitin Dhavalikar, Mr. Narendra Ambwani, Mr. Ramesh Chandak all Non-Executive and Independent Directors, were the members of the Audit Committee. All of them possess sound knowledge of accounts, audit, financial management expertise etc. Mr. Pritam Shah, Managing Director is also a member of the Committee.

Mr. Nitin Dhavalikar is the Chairman of the Audit Committee and Ms. Rachana Sangneria, Company Secretary acts as the Secretary to the Audit Committee.

The Internal Auditor(s), reporting directly to the Audit Committee and the representatives of the Statutory Auditors also attend the meetings of the Audit Committee, besides the executives invited by the Audit Committee to be present there at.

Mr. Nitin Dhavalikar, Chairman of the Audit Committee, was present at the last Annual General Meeting of the Company held on September 29, 2020 by Video Conferencing / Other Audio Visual Means.

#### Composition

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

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 177 of the Companies Act, 2013 read with the rules made thereunder and Regulation 18 and

21 read with Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company Secretary of the Company is the Secretary to the Committee.

All members of the Audit Committee are financially literate and have 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

The Audit Committee meets at least once a quarter. The Audit Committee met four times during the Financial Year 2020-21. The gap between two Meetings was not more than 120 days. The Committee met on June 29, 2020, September 7, 2020, November 9, 2020 and February 4, 2021. The requisite quorum was present in all the Meetings. The Chairman of the Audit Committee

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

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

#### Terms of Reference

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

- 1) Ensuring an effective and independent internal audit function, which works to provide assurance regarding the adequacy and operation of internal controls and processes intended to safeguard the Company's assets, effective and efficient use of the Company's resources and, timely and accurate recording of all transactions.
- 2) Recommendation for appointment, payment of remuneration and terms of appointment of auditors of the company;
- 3) Review of Company's financial statements, internal financial reporting process and the audit process
- 4) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

was present at the 28<sup>th</sup> Annual General Meeting of the Company held on September 29, 2020 to answer the Shareholder queries.

The Management is responsible for the Company's internal control over financial reporting and the financial reporting process. The Committee, in order to carry out its responsibilities efficiently and transparently, relies on the Management's financial expertise and that of the internal and independent auditors. The Management is responsible for the Company's internal control over financial reporting and the financial reporting process.

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.

- 5) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 6) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 7) Scrutiny of inter-corporate loans and investments;
- 8) Evaluation of internal financial controls and risk management systems;
- 9) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 10) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit

department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- 11) 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;
- 12) 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;
- 13) 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;
- 14) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- 15) 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.
- 16) Review the functioning of vigil mechanism/ whistle blower mechanism for the Directors and employees to report their genuine concerns or grievances and provide mechanism for adequate safeguards against victimization.
- 17) Review of compliance with provision of SEBI Insider Trading Regulations, 2015
- 18) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 19) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

6. Statement of deviations:

- (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- (b) Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).

The Company follows best practices in financial reporting. The Company has been reporting on quarterly basis, the Un-audited Consolidated Financial Statements as required by the Regulation 33 of the Listing Regulations. The Company's quarterly Un-audited Standalone and Consolidated Financial Statements are made available on the website [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

#### B. Nomination and Remuneration Committee

##### Composition

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

##### Meetings and Attendance

The Nomination and Remuneration Committee met twice during the year on June 29, 2020 and September 07, 2020. The requisite quorum was present at the Meeting. Mr. Nitin Dhavalikar, the chairman of the Committee was present at the 28<sup>th</sup> AGM of the Company held on September 29, 2020 to answer the Shareholder queries.

The table below provides the attendance of the Nomination and Remuneration Committee members:

Sr. No.	Name of the Members	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. B. M. Vyas	Member	Non-Executive Director	2	2
5	Mr. Ramesh Chandak	Member	Independent Director	2	2

##### Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated inter-alia to comply with the requirements as specified in Part D of the Schedule II of SEBI Listing Regulations including the amendment made through Listing Regulations, the provisions of Section 178 of the Act and Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, as may be applicable. The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge of directors on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments.

##### The role of the Nomination and Remuneration Committee inter-alia includes the following:

- Assist the Board in discharging its responsibilities relating to compensation of the Company's executive directors, Key Managerial Personnel (KMP) and senior management.
- Formulate criteria for determining Board composition, Board effectiveness, Board succession, and independent functioning of the Board.
- Devising a policy on Board Diversity and Sustainability.
- Oversee the Company's nomination process for the KMP and senior management and identify through a comprehensive selection process, individuals qualified to serve as directors, KMP and senior management consistent with the criteria approved by the Board
- Consider extension or continuation of the term of appointment of the independent directors on the basis of the report of performance evaluation of Independent Directors.
- Specifying the manner for effective evaluation of performance of Board, its Committees and Individual Directors and review its implementation and compliance.
- Recommend / review remuneration of the Managing Director(s) and Whole-time Director(s) based on their

performance and defined assessment criteria.

- Administer, monitor and formulate detailed terms and conditions of the Employees' Stock Option Scheme.
- Annual performance evaluation of the Committee.
- Leadership development and succession planning of the organization
- To recommend to the board, all remuneration, in whatever form, payable to senior management
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory Notification, amendment or modified as may be applicable.

#### 4. Performance Evaluation Criteria for Independent Directors

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

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

For Independent Directors, evaluation is carried out



based on the criteria viz. the considerations which led to the selection of the Director on the Board and the delivery against the same, contribution made to the Board / Committees, attendance at the Board / Committee Meetings, impact on the performance of the Board / Committees, instances of sharing best and next practices, engaging with top management team of the Company, participation in Strategy Board Meetings, etc. A separate meeting of the Independent Directors was also held during the year for the evaluation of the performance of non-independent Directors, performance of the Board as a whole and that of the Chairman.

The Board Members from different backgrounds bring about different complementarities that help Board discussions to be rich and value adding. Constructive Inputs/contributions were received to further strengthen the performance and the effectiveness of the Board and Committee meetings held by the Company.

## 5. Remuneration of Directors

The Company has adopted the Remuneration Policy as required under the provisions of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI Listing Regulations, 2015. The Company's Remuneration Policy is aligned with its philosophy for payment of remuneration to Directors, KMPs and all other employees, based on the commitment of fostering a culture of leadership with trust. The Board on the recommendation of Nomination and Remuneration Committee approved Remuneration Policy for Directors, KMP and senior management employees. The policy describes various aspects and guiding factors while determining the remuneration to Directors, KMP and senior managerial personnel of the Company with intent to maintain level and composition of remuneration reasonable and sufficient to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and also create competitive advantage. Broad provisions of the Remuneration Policy are summarized hereunder:

- Nomination and Remuneration committee (NRC) has important role in monitoring the policy.
- The Board, on the recommendation of NRC approves the remuneration payable to the Managing Director of the Company. The remuneration payable to the Managing Director shall be in accordance with the applicable provisions of the Act and the rules framed thereunder.
- The Board, on the recommendation of the NRC approves the remuneration payable to the Key Managerial Personnel and Senior Management

Personnel.

- The sitting fees to the Independent Directors is paid as per the provisions of the Act and the rules framed thereunder.

The Policy on remuneration of Directors, Key Managerial Personnel and Senior Managerial Personnel of the Company is in consonance with the existing industry practice and is available on the Company's corporate website [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

### i) Remuneration to Non-Executive Directors (including the Independent Directors)

The Independent Directors are paid sitting fees of ₹ 100,000 for attending each Board and Committee Meeting. However there is no sitting fees paid to directors for attending Finance Committee Meetings. The total amount of sitting fees paid to Independent Directors during the Financial Year 2020-21 was ₹ 37 Lakh. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Mr. B.M. Vyas, Non-executive non-independent Director is paid only consultancy fees for professional services offered by him. The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors / Independent Directors during the financial year 2020-21

### ii) Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Chairman - Whole time and Managing Director is governed by the Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of Chairman - Whole time Director and Managing Director comprises of salary, perquisites and allowances, and contributions to Provident and other Retirement Benefit Funds as approved by the shareholders at the General Meetings.

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

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

### iii) Remuneration paid to Directors

The details of remuneration paid to Executive Directors and Non-Executive Directors during the financial year ended March 31, 2021 are given below:

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

₹ in million		
Name of the Directors	Remuneration	Sitting Fees
<b>NON-EXECUTIVE INDEPENDENT DIRECTORS</b>		
Mr. Ramesh Chandak	-	1.00
Mr. Narendra Ambwani	-	0.90
Mr. Nitin Dhavalikar	-	1.10
Ms. Radhika Dudhat	-	0.70
<b>Total</b>		<b>3.70</b>

### C. Stakeholders Relationship Committee

#### Composition and Attendance

Pursuant to provisions of Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations, Stakeholders Relationship Committee (SRC) has been constituted. The Stakeholders Relationship Committee comprises of Mr. B.M. Vyas (Non-Executive Director) as the Chairperson and Mr. Devendra Shah,

Mr. Pritam Shah, and Mr. Nitin Dhavalikar as Members of the Committee. During the Financial Year 2020-21 SRC meeting was held twice i.e. on June 29, 2020 and February 4, 2021. The table below highlights the composition and attendance of the Members of the Committee.

The Minutes of the Stakeholders Relationship Committee Meetings are circulated to the Board and noted by the Board of Directors at the Board Meetings.

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

- Due to COVID-19 as per SEBI relaxations the SRC for FY 19-20 was held on June 29, 2020

## 6. Name and Designation of the Compliance Officer

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

The Secretarial Department of the Company, Investor Relations team and the Registrar and Share Transfer Agent viz KFIN Technologies Private Limited attend to all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

During the financial year ended March 31, 2021, 29 complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the shareholders and no investor complaint was pending as on March 31, 2021. The Company has acted upon all valid requests for share transfer received during FY 2020-21 and no such transfer is pending.

No investor grievances remained unattended /pending for more than thirty days as on March 31, 2021.

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Type of Complaints	Number of Complaints received and resolved
Non-Receipt of Dividend	29
<b>Total</b>	<b>29</b>

The table includes Complaints received from SEBI Complaints Redress System (SCORES) by the Company.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their updated telephone numbers and e-mail addresses to facilitate prompt action.

### Terms of Reference:

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

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

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of

new/duplicate certificates, general meetings etc.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- Review movements in shareholding and ownership structures of the Company
- To consider and approve Dematerialization/Rematerialization of shares/split/ consolidation/sub-division of share/debenture certificates;
- Review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- Review movements in shareholding and ownership structures of the Company;
- Recommend measures for overall improvement of the quality of investor services and
- Carrying out any other function as prescribed under Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and other applicable law as amended from time to time

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

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

## D. Corporate Social Responsibility Committee

### Composition

In terms of Section 135 of the Act, the Board has constituted the Corporate Social Responsibility ("CSR") Committee. The Committee composition as on March 31, 2021 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

### Terms of Reference

- Formulate, monitor and recommend to the Board, the CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013
- To provide guidance on various CSR activities to be undertaken by the Company and to monitor process.
- Implementing and monitoring the CSR Policy from time to time
- Recommend to the Board, the amount of expenditure to be incurred on the activities undertaken
- Review the performance of the Company in the area of CSR including the evaluation of the impact of the Company's CSR activities
- Reporting progress of various initiatives and making appropriate disclosures on a periodic basis
- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing regulations and the Companies Act, 2013

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	13	13
2	Mr. Pritam Shah	Member	Executive Director	13	13
3	Mr. Devendra Shah	Member	Executive Director	13	13

## 7. 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. As on March 31, 2021, the Company does not have any Material Subsidiary as defined under Regulation 16(1)(c) of SEBI

### Meetings and Attendance:

The CSR Committee Meeting was held on March 31, 2021 via video conferencing and other audio visual means whereby the status of CSR Activities undertaken during the FY 2020-21 was noted, the Amendments vide Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 were updated as well as revised CSR Policy in line with the amendments was approved.

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

## E. FINANCE COMMITTEE

Apart from the above statutory Committees, the Board of Directors has constituted the Finance Committee to raise the level of governance as also to meet the specific business needs. The Finance Committee of the Board of Directors 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 broad terms of reference of the Committee are to approve investments / divestments of funds of the Company within the limits prescribed by the Board from time to time. The committee reports to the Board and the minutes of these meetings are placed before the Board for confirmation.

During the year, the Committee met 13 (Thirteen) times i.e. on April 7, 2020, April 21, 2020, June 11, 2020, July 24, 2020, August 11, 2020, September 8, 2020, September 23, 2020, October 12, 2020, November 12, 2020, November 24, 2020, December 21, 2020, January 11, 2021 and March 13, 2021.

Listing Regulations, 2015. However, it has formulated a policy for determining its 'Material' Subsidiaries and the same is available on the website of the Company viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

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



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

## 8. SHAREHOLDER INFORMATION

### GENERAL BODY MEETINGS

#### (a) Details of General Meetings:

##### Location and time of the last three Annual General Meetings held and the special resolutions passed in them,

Location, time and 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
28 <sup>th</sup> AGM 2019-20	September 29, 2020 at 04:30 P.M.	Video Conferencing / Other Audio Visual Means due to COVID-19 Pandemic in accordance with circulars issued by the Ministry of Corporate Affairs and the Securities Exchange Board of India.	<ol style="list-style-type: none"> <li>Re-appointment of Mr. Ramesh Chandak (DIN: 00026581) as an Independent Director.</li> <li>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.</li> </ol>
27 <sup>th</sup> AGM 2018-19	September 30, 2019 at 03:30 P.M.	A-Wing, 5 <sup>th</sup> Floor, MCCIA Trade Tower, ICC Complex, 403, Senavati Bapat Road, Maharashtra Chamber of Commerce Industries & Agriculture (MCCIA), Pune - 411 016 - Maharashtra.	<ol style="list-style-type: none"> <li>To re-appoint Mr. Narendra Ambwani (DIN: 00236658) as an Independent Director.</li> <li>To re-appoint Ms. Radhika Dudhat (DIN: 00016712) as an Independent Director.</li> <li>To re-appoint Mr. Nitin Dhavalikar (DIN: 07239870) as an Independent Director.</li> <li>To approve Parag Milk Foods Limited (PMFL) "Employee Stock Option Scheme 2019" (ESOP 2019 / Parag ESOS 2019)</li> </ol>
26 <sup>th</sup> AGM 2017-18	September 19, 2018 at 11:30 A.M.	A-Wing, 5 <sup>th</sup> Floor, MCCIA Trade Tower, ICC Complex, 403, Senapati Bapat Road, Maharashtra Chamber of Commerce Industries & Agriculture (MCCIA), Pune - 411 016 - Maharashtra.	<ol style="list-style-type: none"> <li>To re-appoint Mr. Pritam Shah (DIN: 01127247) as the Managing Director and Key Managerial Personnel (KMP) of the Company.</li> <li>To re-appoint Mr. Devendra Shah (DIN: 01127319) as Whole- Time Director and Key Managerial Personnel</li> <li>To ratify Parag Milk Foods Limited "Employee Stock Option Scheme 2015" (ESOS 2015)</li> <li>Alteration of Articles of Association</li> </ol>

#### b) Postal Ballot

No Special Resolution was passed last year through Postal Ballot

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

As on March 31, 2021, no Special Resolution was proposed to be 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.

a. Quarterly Results	The quarterly results are published in accordance with the applicable provisions of the SEBI Listing Regulations
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 Pune" (Marathi Newspaper)
c. Any Website, where displayed	The Company's corporate website address is <a href="http://www.paragmilkfoods.com">www.paragmilkfoods.com</a> which contains a dedicated section "Investors Tab"
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

(a) Date, Time and Venue of the AGM: The ensuing AGM of the Company will be held on Wednesday, September 15, 2021 at 4:00 P.M. through video conferencing or other audio visual means.

(b) Financial Calendar: April 1, 2020 to March 31, 2021

(c) Record Date: Wednesday, September 8, 2021 / Dates of Book Closure: Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 09, 2021 to Wednesday, September 15, 2021, (both days inclusive) for the purpose of Annual General Meeting and Dividend.

Dividend Payment Date: Within 30 days from the date of approval by the Shareholders for the dividend, if any.

Dividend, when declared, will be payable on or after September 15, 2021 to those members whose names are registered as such in the Register of Members of the Company as on September 8, 2021 and to the Beneficiary holders as per the beneficiary list as on September 8, 2021 provided by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").

#### (d) 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")**  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001

**National Stock Exchange of India Limited ("NSE")**  
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 has been paid.

(e) Stock Code:

Stock Exchange	Code
BSE	539889
NSE	PARAGMILK

ISIN: INE883N01014

(f) Market Price Data:

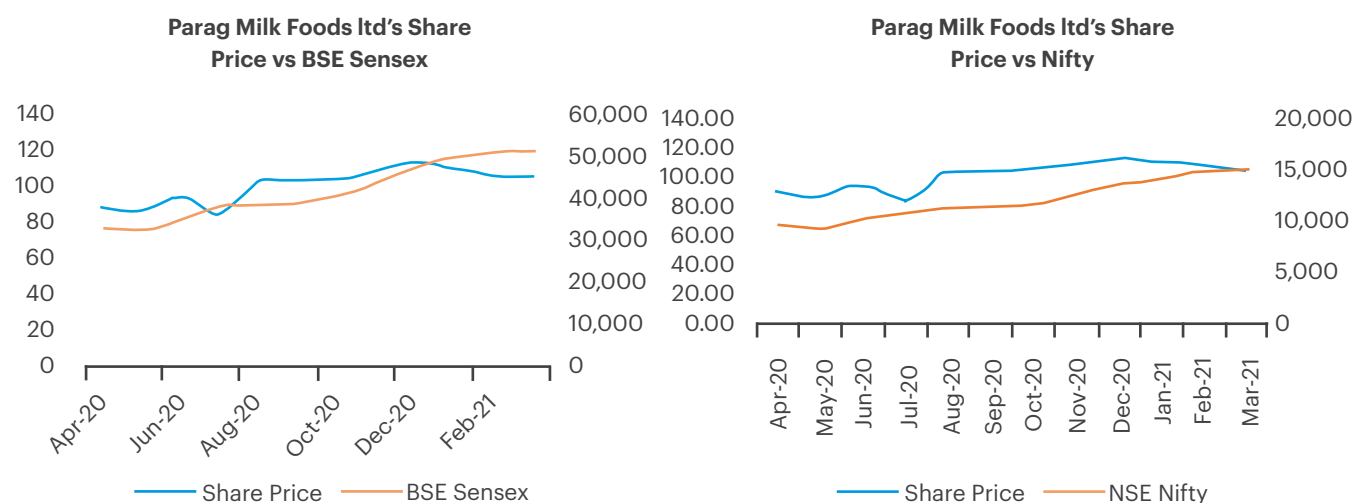
The details of monthly high/low market price of the Equity shares of the Company at BSE Ltd (BSE) and at the National Stock Exchange of India Ltd (NSE) for the year under review is provided here under:

Month	BSE			NSE		
	High	Low	Closing	High	Low	Closing
April-20	108.00	62.00	91.05	108.80	61.95	90.95
May-20	94.00	83.75	87.55	91.70	82.95	87.55
June-20	111.00	87.30	95.85	110.00	87.00	95.85
July-20	100.95	84.35	84.70	100.95	84.00	84.70
August-20	121.40	83.85	105.25	121.50	84.40	105.15
September-20	113.55	91.05	106.35	113.80	91.00	106.35
October-20	120.70	99.25	106.05	120.75	99.05	106.15
November-20	118.50	103.00	109.60	118.35	102.80	109.55
December-20	125.35	102.35	114.45	125.50	102.20	114.35
January-21	129.30	106.90	110.85	129.30	106.65	110.75
February-21	119.00	105.05	107.25	119.20	104.00	107.30
March-21	113.90	94.00	105.55	114.15	94.00	105.55

Source: BSE and NSE Websites

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

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



(h) The securities of the Company have never been suspended from trading

(i) Registrar and Share Transfer Agents

The Registrar and Share Transfer Agent of the Company M/s. KFIN Technologies Private Limited ("KFINTECH") shall continue to act as the Registrar and Share Transfer Agent of the Company.

KFIN Technologies Private Limited ("KFINTECH"), Registrar & Share Transfer Agent (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 Private Limited**

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

(k) Distribution of shareholding of shares of the Company as on March 31, 2021 is as follows:

The broad shareholding distribution of the Company as on March 31, 2021 with respect to size of holdings was as follows:

Sr No.	Distribution of Shareholding as on 31/03/2021 (TOTAL)				
	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	52,502	98.94	125,08,552	14.87
2	5001 - 10000	294	0.55	21,74,159	2.58
3	10001 - 20000	120	0.23	16,97,176	2.02
4	20001 - 30000	45	0.08	11,01,650	1.31
5	30001 - 40000	19	0.04	6,69,608	0.80
6	40001 - 50000	10	0.02	4,49,752	0.53
7	50001 - 100000	32	0.06	24,99,477	2.97
8	100001 and above	43	0.08	6,30,14,208	74.91
<b>TOTAL:</b>		<b>53,065</b>	<b>100.00</b>	<b>8,41,14,582</b>	<b>100.00</b>

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



**Shareholding Pattern as on March 31, 2021**

The shareholding pattern of the Company as on March 31, 2021 with respect to categories of investors is as follows:

Category of Shareholder(s)	No. of Shareholders	No. of Shares	% of No. of Shares
<b>(A) Shareholding of Promoter and Promoter Group</b>			
(a) Individuals	10	3,88,61,435	46.20
(b) Bodies Corporate	-	-	-
<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>10</b>	<b>3,88,61,435</b>	<b>46.20</b>
<b>(B) Public Shareholding</b>			
<b>(1) Institutions</b>			
(a) Mutual Funds	0	0	0.00
(b) Banks/FI	1	50	0.00
(c) Venture Capital Funds	1	50,42,534	5.99
(d) Foreign Portfolio Investors	25	51,30,116	6.10
(e) Alternative Investment Funds	0	0	0
(e) Other Foreign Investors	-	-	-
<b>Sub-Total (B)(1)</b>	<b>27</b>	<b>1,01,72,700</b>	<b>12.09</b>
<b>(2) Non-Institutions</b>			
(a) Bodies Corporate	273	68,59,075	8.15
(b) Individuals			
(i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	51414	1,46,72,079	17.44
(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	76	1,07,05,384	12.73
(c) Non Resident Indian (NRI)	794	9,22,418	1.10
(d) Clearing Members	189	14,66,729	1.74
(e) NON RESIDENT INDIAN NON REPATRIABLE	281	2,78,747	0.33
<b>Sub-Total (B)(2)</b>	<b>53,027</b>	<b>3,49,04,432</b>	<b>41.50</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>53,054</b>	<b>4,50,77,132</b>	<b>53.59</b>
<b>(C) Non Promoter - Non Public Shareholder</b>			
(a) Custodian/DR Holder	-	-	-
(b) Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)	1	1,76,015	0.21
<b>Total (A)+(B)+(C)</b>	<b>53,065</b>	<b>8,41,14,582</b>	<b>100</b>

**(l) Dematerialisation of shares and liquidity**

The Company's shares are dematerialised, with both the depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on date, except eight (8) shares held by one shareholder 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.

**(m) Outstanding Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or warrants or any convertible instruments, conversion date and likely impact on equity;**

The Company has not issued any GDRs/ ADRs or Warrants or any other Convertible Instruments that are outstanding during the relevant financial year.

However in the month of May 2021 the Company has issued 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)

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

The Company is not dealing in any commodities. The Company has foreign exchange exposure but it is not considered necessary to have any hedging cover.

**(o) Plant Location**

The Company has the following manufacturing and operating Divisions:

Sr. No.	Plant	Location
1.	Plant 1	Manchar Plant: Awasari Phata, Post Manchar, Tal. Ambegoan Dist. Pune - 410 503 Maharashtra
2.	Plant 2	Palamaner Plant; 149/1, Samudra Palli (Village), Pengaragunta (P.O.), Palamaner (Mdl), Chittoor (Dist.), A.P. - 517 408
3.	Plant 3	Sonipat Plant: Plot No. 2266-2268, Food Park, Phase-2, HSIIDC Industrial Estate- Rai, Sonipat, Haryana - 131029

**(p) Address for correspondence**

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

**KFIN Technologies Private Limited**  
**(Formerly known as Karvy Fintech Private Limited)**  
**Unit : Parag Milk Foods Limited**

Selenium Building Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana - 500 032  
 Phone: +91- 040 - 67161562/ 67161583  
 Fax: +91 - 040 - 23001153  
 E-mail: [mohsin.mohd@kfintech.com](mailto:mohsin.mohd@kfintech.com)  
 Website: [www.kfintech.com](http://www.kfintech.com)

**Compliance Officer**

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

**Investor Relations**

Ms. Sangeeta Tripathi  
 Senior Manager - Investor Relations  
[investors@parag.com](mailto:investors@parag.com) &  
[sangeeta.tripathi@parag.com](mailto:sangeeta.tripathi@parag.com)  
 Phone: (022) 43005555

**(q) Credit Rating**

During the year under review the Credit Rating assigned to the Company by ICRA Limited in respect of Line of Credit for long term facility was revised and the negative outlook on the long-term rating has been removed and upgraded to "watch with developing implications" and in respect of line of credit for short term from [ICRA] A2+ (ICRA A two plus) its "On Watch". The detailed report(s) of credit Rating obtained by the Company can be accessed at [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

## OTHER DISCLOSURES

(a)	Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large	NIL
(b)	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;	NIL
(c)	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 adopted a Whistle Blower Policy and has established vigil mechanism in line with the requirements under the Companies Act, 2013 and Listing Regulations for the employees and other stakeholders and the details are available at the Company's website, <a href="http://www.paragmilkfoods.com">www.paragmilkfoods.com</a> . No personnel have been denied access to the Audit Committee
(d)	Details of compliance with mandatory requirements and adoption of Non-mandatory requirements	The company has disclosed and complied with all the mandatory requirements under Listing Regulations. 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 12 below
(e)	Web link where policy for determining material subsidiaries is disclosed	The policy for determining 'material subsidiaries' is disclosed company's website at <a href="http://www.paragmilkfoods.com/investors/corporate-governance/policies">www.paragmilkfoods.com/investors/corporate-governance/policies</a>
(f)	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 <a href="http://www.paragmilkfoods.com/investors/corporate-governance/policies">www.paragmilkfoods.com/investors/corporate-governance/policies</a>
(g)	Disclosure of commodity price risks and commodity hedging activities	Not applicable, as the Company is not dealing with any "commodities"
(h)	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 not raised any funds through preferential allotment or qualified institutions placement
(i)	A certificate from a company secretary in practice that none of the directors on the board of the company have been is attached 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 obtained a certificate from "N. L. Bhatia and Associates", practicing company secretaries 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 in accordance with Listing Regulation. Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 issued by Securities and Exchange Board of India, the Company has obtained the Annual Secretarial Compliance Report for the financial year ended March 31, 2021, confirming compliance of the applicable SEBI Regulations and circulars/guidelines issued thereunder, by the Company.
(j)	Where the board had not accepted any recommendation of any committee of the board which is mandatorily required for 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
(k)	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:	The Audit Fees paid to M/s Sharp & Tannan the statutory auditors for FY 2020-21 i. Parag Milk Foods Limited - Total Audit Fees - ₹ 3.17 Million Audit Fees - ₹ 2.42 Million Limited Review Fees - ₹ 0.75 Million ii Bhagalaxmi Dairy Farms Pvt Ltd - ₹ 0.26 Million

(l)	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 2020-21:	NIL
	ii. Number of complaints disposed of during the financial year 2020-21:	NIL
	iii. Number of complaints pending as on end of the financial year 2020-21:	NIL
(m)	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 Listing Regulations and there are no such non-compliances. Not applicable, since all the requirements have been complied with.
(n)	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.	i) The Board: The requirement relating to maintenance of office and reimbursement of expenses of Non - Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director. ii) Shareholder Rights: The Company has not adopted the practice of sending out half - yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to the Stock Exchanges and updated on the website of the Company iii) Modified Opinion(s) in Audit Report: There are no modified opinions in audit report. a. Reporting of Internal Auditor In accordance with the provisions of Section 138 of the Act, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.
(o)	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:	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.
E.	Compliance certificate obtained from M/s. N. L. Bhatia & Associates, firm of practicing company secretaries, regarding compliance of conditions of corporate governance, is annexed to this report.	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
F.	Unclaimed Dividend: In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read	



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 2020-21 to the IEPF. The Company did not have any funds lying unpaid or unclaimed for a period of Seven years. Therefore there were no funds which were required to be transferred to investor Education and Protection Fund (IEPF).

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on March 31, 2021 on the Company's website at <https://www.paragmilkfoods.com>.

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

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares
a)	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 01, 2020	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 October 16, 2017	0	0
e)	Aggregate number of shareholders and the outstanding Shares lying in the Unclaimed Suspense Account as on March 31, 2021	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: July 29, 2021  
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 2020-21 has been obtained from all the Directors and Senior Managers.

Place : Mumbai  
Date : June 04, 2021

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 Shashikant Dalmia – Chief Financial Officer of Parag Milk Foods Limited, to the best of our knowledge and belief, certify that:

- We have reviewed the Financial Statements for the Financial Year ended March 31, 2021 and to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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.
- To the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended March 31, 2021 are fraudulent, illegal or violate the Company's code of conduct.
- 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.
- We have indicated to the auditors and the Audit Committee that:
  - There has not been any significant change in internal control over financial reporting during the year under reference;
  - There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai  
Date: June 04, 2021

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Shashikant Dalmia**  
Chief Financial Officer

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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, 2021 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 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

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

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

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

**Bhaskar Upadhyay**  
Partner  
FCS: 8663  
CP. No. 9625  
UDIN: FO08663C000526411

Place: Mumbai  
Date: June 28, 2021

## PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined all the relevant records of Parag Milk Foods Limited ('the Company') for the purpose of certifying compliance of the conditions of Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period from April 01, 2020 to March 31, 2021. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

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

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

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

Place: Mumbai  
Date: July 28, 2021



# Business Responsibility Report

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

The Company's Business Responsibility Report 2020-21 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 hereby present the Business Responsibility Report ("BRR") of the Company for the financial year ended March 31, 2021, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Our Business Responsibility Report includes our responses to questions on our practices and performance on key principles defined by Regulation 34(2)(f) of the Listing Regulations, covering topics across environment, governance, and social dimensions.

The Company believes in conducting its business activities in a responsible and sustainable manner which is ultimately beneficial to everyone. The Company focusses on efficient deployment of resources, including people, processes and materials, for the production of safe and eco-efficient products, with a view to creating value for all its stakeholders. This ensures that the Company embeds balance in our engagement with all stakeholders, keeping the community at the core of whatever we do. This BRR is in line with the format prescribed by Securities and Exchange Board of India ("SEBI").

## 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 Soc., behind Ratna Memorial Hospital, S.B. Road, Shivaji Nagar Pune MH 411016 IN
4	Website	<a href="http://www.paragmilkfoods.com">www.paragmilkfoods.com</a>
5	E-mail ID	<a href="mailto:investors@parag.com">investors@parag.com</a>
6	Financial Year reported	April 01, 2020 to March 31, 2021
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)	Value Added Products (such as ghee, cheese, paneer, curd, buttermilk, lassi, gulab jamun mix, whey protein powders, etc.)  Liquid Milk, Skimmed Milk Powder
9	Total number of locations where business activity is undertaken by the Company:	
	(a) Number of International Locations (Provide details of major 5)	Not Applicable
	(b) Number of National Locations	i. Three manufacturing facilities at Manchar in Maharashtra, Palamaner in Andhra Pradesh, and Sonipat in Haryana.  ii. Registered office at Pune, Corporate offices in Mumbai, Pune and Delhi.  iii. 21 Depots at various locations across India and PAN - India distribution network comprising of 3,000 + distributors and more than 3.5 Lakh retail touchpoints.
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):	₹ 841.14 Million
2	Total Turnover (INR):	₹ 17,917.35 Million
3	Total profit after taxes (INR):	₹ 174.54 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., ₹ 28.24 Million  The Company has spent ₹ 40.05 Million on CSR activities for FY 2020-21. The Company has spent in excess by ₹ 11.81 Million.
5	List of activities in which expenditure in 4 above has been incurred:-	The details of CSR activities undertaken for FY 2020-2021 are provided in <b>Annexure-III</b> 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, 2021.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):	The subsidiary company being a separate legal entity defines its own initiatives specific to its business context as per rules and regulations as may be applicable to them whilst having access to information and expertise residing with the Parent company.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:	Other entities, 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.

1	DIN Number	: 01127247
2	Name	: Pritam Prakash Shah
3	Designation	: Managing Director

#### (b) Details of the BR head:

No.	Particulars	Details
1	DIN Number (if applicable)	01127247
2	Name	Pritam Prakash Shah
3	Designation	Managing Director
4	Telephone number	022 - 4300 5555
5	E-mail ID	<a href="mailto:pritam.shah@parag.com">pritam.shah@parag.com</a>

**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)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for the abovementioned Principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in Consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. The 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? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies are approved by the Board / Senior Management and other applicable policies are approved by the Managing Director or Functional Heads of the Company as appropriate. 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.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Company has Audit Committee, Internal Complaints Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) 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 <a href="https://www.paragmilkfoods.com/policies">https://www.paragmilkfoods.com/policies</a> .  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. Policies related to employee benefits and well-being are co-created, in which employees' inputs are taken and incorporated in the policy making process. The policies are a combination of board approved policies and/or policies approved and evaluated by various departmental heads and management. As a part of implementation of various certifications like Food Safety, ISO-22000, ISO-14001, ISO-45001, ISO-50001 and Environment & Social measures, periodic assessment is conducted by third-party auditors and counter-measures are implemented.								

(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 BR Report as a part of its Annual Report. This BR Report is uploaded on the Company's website at the web link - <a href="http://www.paragmilkfoods.com">http://www.paragmilkfoods.com</a>

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY****1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others ?**

**Response** - The policy relating to ethics, transparency and accountability covers the Company and its group companies as well as the Suppliers / Contractors / NGOs dealing with the Company who are encouraged to maintain ethical standards in all their practices. The Company has a Code of Conduct for its Directors and Employees that covers issues inter alia related to ethics, workplace responsibilities and conflict of interest. It also covers all dealings with suppliers, customers and other business associates.

Further, the Company has adopted a Whistle Blower Policy to provide a mechanism for 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 Code of Conduct is imbibed in all aspects of the business and its dealing with various stakeholders. Training and awareness on Code of Conduct is provided to all employees and other stakeholders are also made aware of the same from time to time.

The Company's code of conduct comprises ethics and values, anti-bribery and anti-corruption, management of conflict of interest amongst employees or other stakeholders, amongst other related aspects and is applicable to all employees and directors. The Company



has no tolerance in matters relating to unethical practices, bribery or corruption.

**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** - Details relating to complaints from investors during the financial year and redressal thereof is given in Corporate Governance Report contained in this Annual Report. No stakeholder complaints were received by the Company during the financial year pertaining to bribery, corruption, Child labour, forced or compulsory labour. Additionally, the complaints, grievances or views from other stakeholders are dealt with by respective functional heads of the Company.

The Whistle Blower Mechanism, enables Directors and employees to voice their concerns or observations without fear. It allows reporting of instances relating to any unethical or unacceptable business practice or event of misconduct/ unethical behaviour, actual or suspected fraud and violation of the Company's policies, among others. The Mechanism provides adequate safeguard against victimization of the Whistle Blowers and enables them to raise concerns to the Integrity Committee. It also provides an option of direct access to the Chairperson of the Audit Committee

**Principle 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE**

**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.

- a. Gowardhan Ghee
- b. Gowardhan Paneer
- c. 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 has taken up energy conservation programmes involving its own team and experts from outside. The Company is conscious about judicious use of water, energy and resources in form of raw materials in course of production and manufacturing activities. Additional details relating to energy and

others are given in the **Annexure IV** to the Board Report contained in this Annual Report.

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

**Response** - A major part of the Company's raw material is raw milk, which is sourced from 2 Lakh+ farmers and is therefore a 100% sustainable sourcing. Across the entire supply chain, the Company endeavours to integrate social, ethical and environmental factors in its operating/ strategic decisions. The Company endeavours to reduce the distance travelled overall by its products, thereby reducing emissions on account of transportation. Our company policies guide our efforts to ensure we work with suppliers who endorse environmental protection and sustainable use of scarce natural resources, protect human rights, and adhere to all applicable laws of the land. The Company maintains a healthy relationship with its suppliers, vendors and other service providers and the business practices of the Company include them in its growth. The process of vendor selection and registration lays emphasis on safe working conditions, prevention of child labour, business ethics and general housekeeping by the vendor.

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

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

**Response** - The Company procures milk, which is a major part of its raw materials sourced, from the farmers in the local vicinity of its manufacturing facilities. The Company daily procures from more than 2 Lakh farmers located in five various states of the country and thereby supports them by giving a source of livelihood for them. The company also provides ancillary services such as supplying farmers with cattle feed at subsidized rates, free health checkups and vaccinations for their cattle and educating them about the ways of improving the productivity and yield of their cows and cattle.

The Company believes its factories must benefit the communities in which they are located. It sources most of the raw materials from areas near the factories. It extensively works with its vendors to improve capacities and capabilities. The Company also obtains services from local & small service providers for maintenance and repairs of building, plant and machineries thereby supporting the local community to have source of living.

Additionally, the Company has also promoted skills and livelihood development in the neighbouring community through various training and community development programmes. The Company, wherever possible, endeavors to support and encourage employment among communities surrounding its place of work and has generated large-scale employment in the villages it operates in.

The company has also developed an eco-system for providing financing support to these small vendors and have developed various vendors like transport contractors, small packaging suppliers, office supplies contractors, etc. over the period.

**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** - The Company while pursuing energy efficiency programs in the factories also takes initiatives for recycling of wastes generated during production. As an environmentally responsible company, we have adopted a focused approach to managing the waste generated by our operations. Our waste management strategy is framed around the three Rs namely Reduce, Reuse, and Recycle.

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

We have installed Effluent Treatment Plant (ETP) at our Manchar facility. The waste water from the plant has solid waste containing FOG (Fats, Oils and Grease) which is passed through Dissolved Air Flootation (DAF) to reduce TSS (Total Suspended Solids) and is then passed through a Centrifuge (Decanter) which separates the solid and water. The solid part is then dried on sludge drying beds and is used as bio compost (organic manure) after mixing with other fertilisers. The solid waste is less than 2%.

At the ETP plant more than 60% of the waste water is recycled through the following steps - Primary treatment by DAF followed by anaerobic treatment,

aerobic treatment, MBR followed by MGF, ACF and RO. This permeate water is used inside the plant for cooling towers, floor cleaning, gardening and toilets.

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

We recover average 150 KL per day RO water from NF-RO plant.

Our ambition is to send zero waste to landfills, and we continue to consciously work on further segregation, recycling, and reduction of mixed waste to landfill.

**Principle 3: BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES.**

The employee policies at 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 wellbeing. 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 1563 permanent employees (excluding subsidiary employees) as on March 31, 2021.

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

**Response** - The Company has a total of more than 1091 employees hired on temporary/ contractual/ casual basis as on March 31, 2021.

**3. Please indicate the Number of permanent women employees.**

**Response** - The Company has 113 permanent women employees as on March 31, 2021.

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 1 as on March 31, 2021.

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

**Response** - No, there are No employee associations, which are recognised by the management

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

**Response** - NIL

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

**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.

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 understands the needs of its stakeholders and aims to meet the expectations of its stakeholders. It discloses all the relevant information about its products, business, financial performance, press releases and other statutory information on the website of the Company to ensure effective stakeholders engagement.

**1. Has the company mapped its internal and external stakeholders?**

**Response** - Yes. The Company deals with various stakeholders viz. business partners, employees, contract workers and suppliers. Engagement with the mapped stakeholders is an on-going process which takes place through various formal and informal channels.

**Investor Engagement**

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

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

**Statutory bodies**

The Company participates and engages with various statutory authorities including governments, regulators and legislators, both directly and indirectly, towards legislative framework which may affect the Company's business interests.

**Employee Engagement**

The Company believes that its employees are its key stakeholders. During the period under review, due to the COVID-19 pandemic and social distancing norms with many of offices/units where work from home was given, physical employee programs were restricted however the

company conducted many online training programs and workshops such as

- 1 Signage Board (Covid-19) Training to all employees
- 2 Corona Prevention & Awareness to all employees
- 3 Online training on Covid 19 prevention to Functional Heads conducted by Nestle
- 4 System Managers FSSAI online training on Covid Guidelines
- 5 Personal Hygiene
- 6 Chemical & Electrical Safety
- 7 Emergency Mock Drill
- 8 Awareness about Energy use in Significant Area
- 9 Pest management in food industry
- 10 Special food was arranged on many occasions for the employees
- 11 Birthday celebrations of employees were held
- 12 Employees medical health check-up camp was held
- 13 Annual Sales Meet was held

**Suppliers**

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

**Media**

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

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

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

The Company's CSR activities focus on the disadvantaged, vulnerable and marginalised segments of society and the Company undertakes various initiatives for their

well-being. For more details on the Company's work with the disadvantaged, vulnerable and marginalised stakeholders, refer to the Report on Corporate Social Responsibility Activities which forms part of the Annual 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 Company always endeavors to think beyond business and undertakes various initiatives to improve the lives of the lower socio-economic sections of the society. While developing its CSR strategy, the Company has ensured that all communities benefit from the CSR activities, with special focus on groups that are socially and economically marginalised, including rural unemployed youth, women, scheduled castes and tribes.

The Company has undertaken special initiatives for the development of underprivileged communities in and around its plants, business locations and project sites. These initiatives are in the areas of preventive healthcare, education, drinking water, sanitation, employment, skill development for the local community, health care initiatives and digital literacy, amongst others. The Corporation's CSR activities focus on the disadvantaged, vulnerable and marginalised segments of society. Further details of CSR initiatives by the Company are included in a report on CSR activities forming part of this Annual Report.

**Principle 5: RESPECT FOR HUMAN RIGHTS**

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

**Response** - The Company upholds the principles of being an organisation that respects human rights, is non-discriminatory in nature amongst employees and provides for a redressal mechanism towards the key personnel constituents that it deals with. Company's Code of Conduct respects and promotes human rights.

The Company is committed to maintaining a safe business environment and workplace for everyone, irrespective of the ethnicity, region, sexual orientation, race, caste, gender, religion, disability, work, designation and other parameters.

The Company supports and respects the protection of internationally proclaimed human rights, labour standards and environmental protection measures. The Anti-Sexual Harassment Policy is applicable to all the employees including contractual employees and also covers trainees, consultants, contractors and vendors.



### Business should respect and promote human rights

The Company seeks to uphold and promote human rights in its operations, in relationships with business and partners through its human rights policy. Its policies support, respect and protect the human rights of its direct as well as indirect employees.

The Company has adhered to the laws and guidelines on human rights as per the Constitution of India, National laws and Policies and treats all its stakeholders and customers with dignity, respect and understanding.

In order to ensure no child labour in its operations, the Company documents age proofs and PAN cards or identical proof of all prospective candidates to be hired or contracted. The Company ensures non-discrimination while communicating the job description through recruitment channels to give equal opportunity to all candidates irrespective of their caste, race, religion or gender.

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

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

**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

##### 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 Company understands its responsibility towards environment and has taken various initiatives to reduce its environmental impact. Energy conservation and use of clean fuels continue to be a priority area of the Company. Climate change, global warming and environmental degradation pose unique challenges as well as opportunities for the Company. The Company is

continuously implementing process improvements to reduce emissions and wastes. Climate action has been on our agenda and continues to form a significant part of our ESG vision for the next decade as well.

The Company has always been committed to sustainable growth, which includes its responsibility towards its customers as well as towards the environment. Sustaining an equitable balance between economic growth and environment preservation has always been a key focus area for the company. The environment management approach has led to efficient and optimum utilization of available resources as well as minimization of waste as a result of adoption of the latest technologies.

Water, being the most important commodity in today's time, the Company has taken special care to recycle, reuse and optimise the use of this natural resource. Our Effluent treatment plant is Anaerobic with USB, and has the capacity to handle liquid effluent of 2600CMD upto 5000mg /l and gives outlet of less than 150 mg/l COD. The sludge coming out of Effluent Treatment Process (ETP) is converted into manure by using vermicomposting process and distributed to local farmers. The clean water from ETP is distributed by a network of pipelines to the farmers in the surrounding areas. The ETP plant also produces biogas, which is redirected to generate electricity and is used for cooking at the staff canteen.

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

1. Commissioning of 850KW Bio gas Engine for own electricity generation.
2. Replacement of existing pneumatic ghee packing machine with mechanical packing machine with servo injection. New machine power consumption is 1.5KW, whereas Old machine consumed 5.0KW. Also new machine doesn't require Compressed Air.
3. Installed Variable frequency Drive (400KW) on various equipment's at Lactose plant
4. Replacement of inefficient refrigeration system with high performance equipments.
5. Replacement of Old motors with high efficiency motors.
6. Installed sealing – cooling Water recirculation arrangement for Lactose Evaporator plant.

7. In Cheese Plant: Replaced 1 X 4 Fixture T5 -55Watt with LED Light - 16 Watt.(Total 60Fixtures replaced.)

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

**Response** - Yes. The Company follows sound environmental management practices across all its manufacturing units to assess and address environmental risks.

The company is certified for ISO14001 (Environment Management System), ISO50001 (Energy management System), ISO45001 (Occupational Health and Safety Management System), and ISO22000 (Food Safety Management System)

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

The Company has not registered any projects under the Clean Development Mechanism.

#### 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.

At Manchar Plant Commissioning of 850KW Bio gas Engine for own electricity generation and installation of Bio-gas generation at Bhagyalaxmi farm has been done by the company

**Response** - The Company strives to adopt process improvement measures and invest in efficient technologies to reduce its impact on the environment. The company is committed to clean technology and transitioning to renewable energy for its operations.

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

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

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

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 has not received any show cause/ legal notices either from CPCB or SPCB which is pending as on March 31, 2021.

#### Principle 7: BUSINESSES WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

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.

The Company focuses on building excellence in manufacturing food products, while interacting with key stakeholders. The Company learns from the best practices of others and collaborates with various trade and industry associations.

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

Yes, the Company is the Member of various trade and industrial associations like

- 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

The Company extends its support to various business associations and supports / advocates on Industry

related policies, export policies etc, whenever necessary, keeping in view the interest of various stakeholders

#### Principle 8: INCLUSIVE GROWTH

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** - Our corporate social responsibility supports inclusive growth not only of communities in the locations where we operate, but also encompasses the overall development of societies and human capabilities.

The Company executes its CSR initiatives through various programs/ initiatives, the details of which are given in **Annexure - III** - CSR Report forming part of the Board's Report.

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

**Response** - Given in **Annexure III** to Directors Report.

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

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

The Company takes cognizance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, and details of impact assessments will be provided in accordance with from fiscal 2022.

##### 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 Rs. 40.05 Million as part of its CSR initiatives for FY 2020-21. 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.

Social initiative for Ongoing pandemic COVID-19 as under:

- 4000+ families are being supported by providing them with grocery packages at Manchar.
- 250+ Grocery Kit to Panchayat Samiti Asha Workers in Ambegaon Taluka.
- Daily 500+ people at Covid Centre (Awasari & SDH Manchar) are being provided with healthy meals prepared in the company canteen.
- Daily 100+ Government hospital staff at SDH Manchar are being provided with food.
- 5000+ poor families provided with Food at Manchar and nearby villages.
- Donated 12000+ three-ply masks, 3000 hand sanitizers, 1000 hand gloves, to frontline staff in hospitals and nearby Manchar villager.
- Sanitization of Manchar and nearby village.
- Donate 2000+ Covid N-95 Masks and 500+ sanitizer to public servants [FIRST LINE WARRIORS] in and around Palamaner
- Trainings given to School children's around Dairy related to Hygiene practices to combat Covid-19
- Old animals' (250 in number) nurturing at Panjarpol, Manchar.
- The company has been conducting Free MS CIT course to needy childrens' at Manchar and villager school students ( 30 Students )
- At Palamaner RTO Office Gardening done and tree plantation done at surrounding villages ( new ones 7000).
- R.O Water supply to nearby village people at Palamaner- 10000 liters per day (Provided all 365 days).

#### Principle 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

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

**Response** - The Company's commitment to provide world-class products to consumers has made it one of

the most trusted, valuable and popular brands among Indian consumers in various reputed surveys.

The Company has been providing value to its consumers since years without any compromise and has put in place effective consumer complaints redressal system. The Company discloses the necessary information on its products to promote consumer awareness, market its products in responsible manner and exercise due care in utilization of natural resources.

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

As on March 31, 2021, none of the customer complaints/ consumer cases beyond turnaround time (TAT) are pending.

##### 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** - All Company products comply with the applicable acts and regulations such as the Drugs and Cosmetics Act, Legal Metrology Act, Bureau of Indian Standards Specifications, Trademark Act and Copyright Act, Food Safety and Standards Act, Regulations for Labels and Pack Information and Plastic Waste Management Rules, 2016.

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

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

The Company ensures that its products are safe and provides clear information on the safe and responsible usage of their products. The Company has been fully compliant with products and service regulations

concerning health and safety impacts, marketing communication, information and labelling.

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

##### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive 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 anti-competitive behaviour, which are pending as on March 31, 2021.

##### 4. Did your company carry out any consumer survey / consumer satisfaction trends?

**Response** - Yes, Consumer Satisfaction Surveys are being conducted periodically to assess the consumer satisfaction levels and consumer's trends.

The Company continuously carries out consumer surveys to understand consumer feedback, product satisfaction and preference while measuring consumer response and satisfaction regularly through the Company's continuous and periodic tracking studies through a random sampling approach among target consumers.

As part of the consumer complaint handling process, the Company carries out consumer satisfaction survey on monthly basis against certain defined attributes. 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 31st March, 2021, and 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 the 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its profit, 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 (ICAI) together with ethical requirements that are relevant to our audit of the standalone 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current year. 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.

### Valuation of Trade Receivables

(Refer to note 3(c)(i) 'Accounting policy on Impairment of financial assets', note 10 'Trade receivables' and 36A 'Financial Risk Management-Credit Risk' to the standalone financial statements)

As at 31<sup>st</sup> March, 2021, the trade receivables balance excluding provisions included in note 10 were ₹ 2530.06 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.

### Principal Audit Procedures

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:
  - 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.
- d) Tests of details:
  - We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements;
  - We have verified the underlying supporting documents like acceptance of invoices along with various correspondence carried out by the management of the Company with trade receivable for realization of money;

- We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables;
- We have verified the appropriateness of judgments regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Company's provisioning policies.
- We have conducted discussion with management as to the recoverability of the old outstanding and corroborating management's explanations with underlying documentation and correspondence with the customers.

Our audit procedures did not reveal material variations.

### Information Other than the Standalone 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 Annual Report, 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone 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, the Board of Directors 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 the 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 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 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 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.

#### Other Matter

We draw attention to Note 48 to the accompanying Standalone Financial Statements which explains the uncertainties and the Management's evaluation of the financial impact on the Company due to lockdown and other restrictions imposed on account of COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 (the 'Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in 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;
  - in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
  - on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

- with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**;
- with respect to the other matters to be included in the Auditors Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors is in accordance with the provisions of Section 197 of the Act; and
- with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - the Company has disclosed the impact of pending litigations on its financial position in its

- standalone financial statements - (Refer Note 40 to the standalone financial statements);
- the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No.109982W  
by the hand of
- Edwin P. Augustine**  
Partner  
Membership No. 043385  
UDIN: 21043385AAAAEA7941
- Mumbai, 12<sup>th</sup> June, 2021



## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, (Property, plant and equipment), except for certain fixed assets, where the quantitative details are not available since the inception.
- (b) During the year, the fixed assets of the Company have been physically verified by the management, except as stated in paragraph (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 immovable properties recorded as property, plant and equipment in the books of account of the Company are held in the name of the Company.
- (ii) As explained to us, inventories, except goods-in-transit and stocks lying with third parties have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) According to the information and explanations give to us, the Company has not granted loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, 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 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.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under Section 148(1) of the Act 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 these accounts and records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods and services tax, cess and any other statutory dues, where applicable, to the appropriate authorities, except an amount of ₹ 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.
- According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records examined by us, the particulars of income tax, wealth tax, sales tax, service tax, value added tax, goods and service tax as at 31<sup>st</sup> March, 2021 which have not been deposited on account of a dispute pending, are as under:

Name of the Statute	Nature of the disputed dues	Amount (₹ Million)*	Period to which the amount relates	Forum where disputes are Pending
The Income Tax Act, 1961	Tax, Interest and Penalty	1.89	AY 2013-14	Appeal filed with ITAT
		11.96	AY 2016-17	Appeal filed with CIT(A)
		22.44	AY 2018-19	--do--
		2.45	AY 2019-20	--do--
Wealth Tax Act, 1957	Tax, Interest and Penalty	0.08	AY 2014-15	Responded on IT Portal

Name of the Statute	Nature of the disputed dues	Amount (₹ Million)*	Period to which the amount relates	Forum where disputes are Pending
The Central Goods and Service Tax Act, 2017	Tax, Interest and Penalty	7.85	FY 2017-18	Commissioner of GST and Central Excise
		59.70	July, 2017 to March, 2020	GST Officer
Central Sales Tax Act, 1956	Tax, Interest and Penalty	6.50	FY 2017-18	Commissioner of Sales Tax
		20.25	FY 2009-10	Joint Commissioner of Sales Tax (App)-1
		2.15	FY 2016-17	--do--
The Maharashtra Value Added Tax Act, 2002	Tax, Interest and Penalty	37.90	FY 2009-10	Joint Commissioner of Sales Tax (App)-1
		0.55	FY 2010-11	--do--
		2.55	FY 2016-17	--do--

(\*net of pre-deposit paid in getting the stay / appeal admitted)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from the Government and has not issued debentures.
- (ix) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, on an overall basis, the term loan has been applied for the purpose for which the term loan was obtained.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of such case by management.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all the transactions with the related parties
- are in compliance with Sections 177 and 188 of the Act, where applicable. The relevant details of such related party transactions have been disclosed in the standalone financial statements, etc., as required under Indian Accounting Standard (Ind AS) 24, *Related Party Disclosures* specified under Section 133 of the Act.
- (xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the Paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

**Edwin P. Augustine**  
Partner

Membership No. 043385  
UDIN: 21043385AAAAEA7941

Mumbai, 12<sup>th</sup> June, 2021

## 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 31<sup>st</sup> March, 2021 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 (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 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 standalone 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 standalone 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 standalone 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 standalone 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, 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 of 31<sup>st</sup> March, 2021, 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: 21043385AAAAEA7941

Mumbai, 12<sup>th</sup> June, 2021



## Standalone Balance Sheet

as at 31<sup>st</sup> March, 2021

Particulars	Notes	₹ million	
		As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	3,787.68	3,957.37
Capital work-in-progress		9.34	66.82
Other intangible assets	5	19.27	26.30
Financial assets			
Investments	6	630.84	628.16
Others	7	120.71	120.96
Deferred tax assets (net)	34	54.19	122.68
Other non-current assets	8	23.66	75.14
<b>Total Non-current assets</b>		<b>4,645.69</b>	<b>4,997.43</b>
<b>Current assets</b>			
Inventories	9	6,873.32	6,268.27
Financial assets			
Trade receivables	10	1,559.15	2,994.85
Cash and cash equivalents	11	65.34	213.15
Bank balances (other than above)	12	117.06	54.55
Other current assets	13	3,120.36	2,118.16
Current tax Assets (net)	14	1.33	-
<b>Total Current Assets</b>		<b>11,736.56</b>	<b>11,648.98</b>
<b>Total Assets</b>		<b>16,382.25</b>	<b>16,646.41</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	839.39	839.39
Other equity	16	8,358.74	8,221.53
<b>Total Equity</b>		<b>9,198.13</b>	<b>9,060.92</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	17	208.63	481.48
Other financial liabilities	18	84.04	109.75
Provisions	19	40.04	43.36
<b>Total Non-current liabilities</b>		<b>332.71</b>	<b>634.59</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	20	3,125.60	3,167.10
Trade payables	21		
(A) total outstanding dues of micro and small enterprises		8.97	25.03
(B) total outstanding dues of creditors other than micro and small enterprises.		2,879.10	2,789.26
Other financial liabilities	22	622.44	795.42
Other current liabilities	23	210.86	93.04
Provisions	19	4.44	4.21
Current tax liabilities (net)	24	-	76.84
<b>Total Current liabilities</b>		<b>6,851.41</b>	<b>6,950.90</b>
<b>Total Liabilities</b>		<b>7,184.12</b>	<b>7,585.49</b>
<b>Total Equity and Liabilities</b>		<b>16,382.25</b>	<b>16,646.41</b>
Significant Accounting Policies	3		
Contingent Liabilities and Commitments	40		
Other Notes	4 to 49		

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

**Pritam Shah**

Managing Director

DIN: 01127247

**Shashikant Dalmia**

Chief Financial Officer

Place: Manchar

Date: 12<sup>th</sup> June, 2021**Rachana Sanganerla**

Company Secretary &amp; Compliance Officer

Membership No. ACS10280

Place: Mumbai

Date: 12<sup>th</sup> June, 2021

## Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March, 2021

Particulars	Notes	₹ million	
		2020-21	2019-20
<b>Income</b>			
Revenue from operations	25	17,917.35	23,912.77
Other income	26	68.24	29.19
<b>Total Income</b>		<b>17,985.59</b>	<b>23,941.96</b>
<b>Expenses</b>			
Cost of materials consumed	27	13,006.14	17,534.45
Purchases of Stock-in-trade	28	975.31	2,220.30
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(580.76)	(1,824.27)
Employee benefits expense	30	753.27	930.53
Finance costs	31	455.18	380.41
Depreciation and amortisation expense	32	493.76	513.75
Other expenses	33	2,496.02	2,934.67
<b>Total Expenses</b>		<b>17,598.92</b>	<b>22,689.84</b>
<b>Profit before tax</b>		<b>386.67</b>	<b>1,252.12</b>
Tax expense	34		
Current tax		61.12	293.13
MAT (credit)/reversal		-	35.38
Deferred tax		70.41	17.23
Tax adjustment in respect of earlier years		80.60	-
<b>Profit for the year</b>		<b>174.54</b>	<b>906.38</b>
<b>Other comprehensive income</b>	34		
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the defined benefit plans		7.63	5.54
Income tax on above		(1.92)	(1.93)
<b>Other comprehensive income for the year, net of tax</b>		<b>5.71</b>	<b>3.61</b>
<b>Total Comprehensive income for the year</b>		<b>180.25</b>	<b>909.99</b>
<b>Earnings per equity share of face value of ₹ 10 each:</b>	42		
Basic earnings per share (in ₹)		2.08	10.80
Diluted earnings per share (in ₹)		2.08	10.78

Significant Accounting Policies

3

Other Notes

4 to 49

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

**Pritam Shah**

Managing Director

DIN: 01127247

**Shashikant Dalmia**

Chief Financial Officer

Place: Manchar

Date: 12<sup>th</sup> June, 2021

Place: Mumbai

Date: 12<sup>th</sup> June, 2021**Rachana Sanganerla**

Company Secretary &amp; Compliance Officer

Membership No. ACS10280

## Standalone Statement of changes in equity

for the year ended 31<sup>st</sup> March, 2021

₹ million

### Equity share capital (refer note 15)

Particulars	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	No. of shares	₹ million	No. of shares	₹ million
Balance at the beginning of the reporting period (no. of shares 8,39,38,567)	8,39,38,567	839.39	8,39,38,567	839.39
Change during the year (refer note 45)		-		-
<b>Balance at the end of the reporting period</b>	<b>8,39,38,567</b>	<b>839.39</b>	<b>8,39,38,567</b>	<b>839.39</b>

### Other equity

₹ million

Particulars	Reserves and Surplus				Other Comprehensive Income (Remeasurement in defined benefit plans)	Total Other Equity
	Securities Premium Reserve	General Reserve	Employee Stock Options Outstanding	Retained Earnings		
<b>Balance as at 1<sup>st</sup> April, 2019</b>	<b>4,447.85</b>	<b>59.26</b>	<b>4.89</b>	<b>2,908.73</b>	<b>(9.10)</b>	<b>7,411.63</b>
Profit for the year	-	-	-	906.38	-	906.38
Other comprehensive income for the year (net of tax)	-	-	-	-	3.61	3.61
Deferred Employee Compensation Expense	-	-	3.38	-	-	3.38
IND AS 116, Leases, impact	-	-	-	(2.07)	-	(2.07)
Dividend paid	-	-	-	(84.11)	-	(84.11)
Tax on dividend	-	-	-	(17.29)	-	(17.29)
<b>Balance as at 31<sup>st</sup> March, 2020</b>	<b>4,447.85</b>	<b>59.26</b>	<b>8.27</b>	<b>3,711.64</b>	<b>(5.49)</b>	<b>8,221.53</b>
Profit for the year	-	-	-	174.54	-	174.54
Other comprehensive income for the year (net of tax)	-	-	-	-	5.71	5.71
Deferred Employee Compensation Expense	-	-	(0.98)	-	-	(0.98)
Dividend paid	-	-	-	(42.06)	-	(42.06)
<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>4,447.85</b>	<b>59.26</b>	<b>7.29</b>	<b>3,844.12</b>	<b>0.22</b>	<b>8,358.74</b>

As per our report attached

#### SHARP & TANNAN

Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

For and on behalf of the Board of Directors

#### Edwin P. Augustine

Partner  
Membership No. 043385

#### Devendra Shah

Chairman  
DIN: 01127319

#### Pritam Shah

Managing Director  
DIN: 01127247

#### Shashikant Dalmia

Chief Financial Officer

#### Rachana Sanganageria

Company Secretary & Compliance Officer  
Membership No. ACS10280Place: Mumbai  
Date: 12<sup>th</sup> June, 2021Place: Manchar  
Date: 12<sup>th</sup> June, 2021

## Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2021

₹ million

Particulars	2020-21	2019-20
<b>A. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>386.67</b>	<b>1,252.12</b>
Depreciation and amortisation expense	493.76	513.75
Allowance for doubtful debts and advances (net of recoveries/reversals)	126.89	95.10
Net (gain) / loss on sale/ fair valuation of investments	(6.07)	6.25
ESOS expense	(0.98)	3.38
Finance costs	455.18	380.41
Sundry balances written-back	(24.78)	(5.58)
Interest income	(20.46)	(25.08)
<b>Operating profit before working capital changes</b>	<b>1,410.21</b>	<b>2,220.35</b>
<b>Adjustments for :</b>		
(Increase) / decrease in inventories	(605.05)	(1,790.82)
(Increase)/Decrease in trade and other receivables	302.75	(731.02)
(Decrease) / Increase in trade and other payables	111.53	(74.76)
Increase / (decrease) in provisions	4.53	0.20
<b>Cash generated from operations</b>	<b>1,223.97</b>	<b>(376.05)</b>
Taxes paid (net of refunds)	(219.89)	(351.25)
<b>Net cash flows from operating activities</b>	<b>1,004.08</b>	<b>(727.30)</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Property, plant and equipment	(296.45)	(250.58)
Purchase of intangible assets	(8.85)	(11.50)
Maturity / (Investment) of fixed deposits	(63.24)	2.10
Investment in mutual funds	(2.68)	(0.01)
Interest received	27.94	17.79
<b>Net cash used in investing activities</b>	<b>(343.28)</b>	<b>(242.20)</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from long-term borrowings	-	73.65
Proceeds / (repayment) short-term borrowings (net)	(41.50)	1,723.28
Repayment of long-term borrowings	(268.41)	(197.35)
Payment of dividend including dividend distribution tax	(42.06)	(101.40)
Interest paid	(456.64)	(383.22)
<b>Net cash flows from/ (used in) financing activities</b>	<b>(808.61)</b>	<b>1,114.96</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(147.81)</b>	<b>145.46</b>
Cash and cash equivalents at the beginning of the year	213.15	67.69
Cash and cash equivalents at the end of the year	65.34	213.15

₹ million

Particulars	2020-21	2019-20
<b>Cash and cash equivalents include:</b>		
Balance with bank	41.70	198.70
Cash on hand	23.64	14.45
<b>Total</b>	<b>65.34</b>	<b>213.15</b>

#### Notes:

- (a) 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 from time to time.



## Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March, 2021

- (b) Additions to property, plant and equipment include movements of capital work-in-progress during the year.
- (c) Non cash movement in borrowings include addition/deletion on account of unrealised foreign exchange loss/(gain) of ₹ 4.55 million (31st March, 2020: ₹ 30.04 million) in respect of foreign currency loan.
- (d) The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head, 'Exchange Fluctuation (net)'.

(e) **Movement** ₹ million

Particulars	Opening Balance	Cash movement	Foreign exchange changes	Fair value changes	Others	Closing Balance
Long-term borrowing (Gross)	783.76	(281.32)	4.55	3.82	-	510.81
Short-term borrowing (net)	3,167.10	(41.50)	-	-	-	3,125.60
<b>Total</b>	<b>3,950.86</b>	<b>(322.82)</b>	<b>4.55</b>	<b>3.82</b>	<b>-</b>	<b>3,636.41</b>

(f) Figures for the previous year have been regrouped wherever necessary.

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

**For and on behalf of the Board of Directors**

**Edwin P. Augustine**  
Partner  
Membership No. 043385

**Devendra Shah**  
Chairman  
DIN: 01127319

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Shashikant Dalmia**  
Chief Financial Officer

**Rachana Sanganageria**  
Company Secretary & Compliance Officer  
Membership No. ACS10280

Place: Mumbai  
Date: 12<sup>th</sup> June, 2021

Place: Manchar  
Date: 12<sup>th</sup> June, 2021

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### 1. Corporate information

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

### 2. Basis of preparation

#### A. Statement of compliance

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

The financial statements up to and for the year ended **31<sup>st</sup> March 2017** were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

The standalone financial statements were authorised for issue by the Company's Board of Directors on 12th June, 2021.

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

#### B. Functional and presentation currency

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

#### C. Basis of measurement

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

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

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

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

#### E. Use of estimates and judgements

In the preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions, judgements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31<sup>st</sup> March 2021 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.

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

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

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

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

##### iv. Reclassification to investment property

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

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

#### b) Intangible assets

##### i. Recognition and measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

##### ii. Subsequent expenditure

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

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### 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 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 30<sup>th</sup> March 2019 through the Companies (Indian Accounting Standards) Amendment Rules, 2019.

Effective 1<sup>st</sup> April, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on 1<sup>st</sup> April, 2019 using the modified retrospective method of transition. Accordingly, comparatives for the year ended 31<sup>st</sup> March, 2019 have not been retrospectively adjusted. The Company's lease asset classes primarily consist of leases of land, building and equipment.

At the date of commencement of lease, the Company recognise a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve month or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as operating expense on straight-line basis over the term of lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Right of use of assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset. Right of use of assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Lease liability is initially measured at amortized cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re measured with corresponding adjustment to the related right to use of asset if company changes its assessment if whether it will exercise an extension or termination option.



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

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.

### e) Inventories

Inventories are valued at the lower of cost (including prime cost, GST and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

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

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

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

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

### f) Financial instruments

#### i. Recognition and initial measurement

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

#### ii. Classification and subsequent measurement Financial Assets

##### Financial assets carried at amortised cost

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

##### Financial assets at fair value through other comprehensive income

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

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

##### Investment in subsidiary

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

##### Financial assets at fair value through profit or loss

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

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Financial liabilities

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

### iii. Derecognition

#### Financial assets

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

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

#### Financial liabilities

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

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

### iv. Offsetting

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

### g) Revenue recognition

Revenue is recognised when title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled, such that the earnings process is regarded as being complete.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimate they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying Group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

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

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

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

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

### i) Government grants

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

### j) Income tax

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

#### i. Current tax

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

#### ii. Deferred tax

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

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.

- Temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

#### **Presentation of current and deferred tax**

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

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

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

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### k) Borrowing costs

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

### l) Provisions, contingent liabilities and contingent assets

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

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

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

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

### m) Employee benefits

#### **Short-term employee benefits**

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

#### **Post-employment benefits**

Contributions to defined contribution schemes such as Provident Fund, Employees State Insurance., are recognised as expenses in the period in which the employee renders the related service. The Company has no further obligations beyond its monthly contributions.

The Company also provides for post-employment defined benefit in the form of gratuity. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Re measurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

#### **Other long-term employee benefits**

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

### n) Share-based payments

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

### o) Cash and cash equivalents

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

### p) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

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

The Ministry of Corporate Affairs ("MCA") vide notification dated 24th March, 2021 amended the Schedule III of the Companies Act, 2013. The amendments related to Division I, II and III of Schedule III and are applicable starting 1<sup>st</sup> April, 2021. Key amendments relating to Division II which related to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters. Specified format for ageing schedule of trade receivables, trade payables, capital work-in progress and intangible asset under development
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### Statement of Profit and Loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The said amendments will be given effect by the Company for period starting 1<sup>st</sup> April, 2021.

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

Particulars	₹ million							Total		
	Freehold land	Leasehold building improvements	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment		Computer	Right of Use Assets
<b>Year ended 31<sup>st</sup> March, 2020</b>										
<b>Gross carrying amount</b>										
Opening gross carrying amount	156.42	40.51	734.39	4,113.01	39.05	27.73	18.17	38.52	-	5,167.80
Additions during the year	3.73	1.10	6.13	491.62	1.10	27.82	6.47	3.00	153.52	694.49
Disposals during the year	-	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount as at 31<sup>st</sup> March, 2020</b>	<b>160.15</b>	<b>41.61</b>	<b>740.52</b>	<b>4,604.63</b>	<b>40.15</b>	<b>55.55</b>	<b>24.64</b>	<b>41.52</b>	<b>153.52</b>	<b>5,862.29</b>
<b>Accumulated depreciation</b>										
Opening accumulated depreciation	-	31.64	88.32	1,244.12	8.17	10.53	7.22	20.54	-	1,410.54
Depreciation charge during the year	-	5.91	31.46	413.66	4.03	5.19	3.87	11.55	18.71	494.38
Disposals during the year	-	-	-	-	-	-	-	-	-	-
<b>Closing accumulated depreciation up to 31<sup>st</sup> March, 2020</b>	<b>-</b>	<b>37.55</b>	<b>119.78</b>	<b>1,657.78</b>	<b>12.20</b>	<b>15.72</b>	<b>11.09</b>	<b>32.09</b>	<b>18.71</b>	<b>1,904.92</b>
<b>Net carrying amount as at 31<sup>st</sup> March, 2020</b>	<b>160.15</b>	<b>4.06</b>	<b>620.74</b>	<b>2,946.85</b>	<b>27.95</b>	<b>39.83</b>	<b>13.55</b>	<b>9.43</b>	<b>134.81</b>	<b>3,957.37</b>
<b>Year ended 31<sup>st</sup> March, 2021</b>										
<b>Gross carrying amount</b>										
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	-	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount as at 31<sup>st</sup> March, 2021</b>	<b>160.15</b>	<b>41.61</b>	<b>787.67</b>	<b>4,862.29</b>	<b>40.53</b>	<b>56.88</b>	<b>25.67</b>	<b>42.16</b>	<b>153.52</b>	<b>6,170.48</b>
<b>Accumulated depreciation</b>										
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	-	-	-	-	-	-	-	-	-	-
<b>Closing accumulated depreciation up to 31<sup>st</sup> March, 2021</b>	<b>-</b>	<b>38.73</b>	<b>155.60</b>	<b>2,047.43</b>	<b>16.21</b>	<b>22.56</b>	<b>14.94</b>	<b>36.92</b>	<b>50.41</b>	<b>2,382.80</b>
<b>Net carrying amount as at 31<sup>st</sup> March, 2021</b>	<b>160.15</b>	<b>2.88</b>	<b>632.07</b>	<b>2,814.86</b>	<b>24.32</b>	<b>34.32</b>	<b>10.73</b>	<b>5.24</b>	<b>103.11</b>	<b>3,787.68</b>

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 ₹ 4.55 million for the year ended 31<sup>st</sup> March, 2021 (31<sup>st</sup> March, 2020: loss of ₹ 30.04 million) arising on reporting of long term foreign currency monetary item against the historical cost of fixed assets
- For details of assets given as security against borrowings, Refer note 17 and note 20
- Amount of contractual commitments for the acquisition of PPE, Refer note 40

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 5: Other intangible assets

₹ million

Particulars	Computer software	Brands / Trade Marks	Total	
<b>Year ended 31<sup>st</sup> March, 2020</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	59.04	4.88	63.92	
Additions during the year	2.90	8.60	11.50	
<b>Closing gross carrying amount as at 31<sup>st</sup> March, 2020</b>	<b>61.94</b>	<b>13.48</b>	<b>75.42</b>	
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	29.30	0.45	29.75	
Amortisation charge for the year	18.40	0.97	19.37	
<b>Closing accumulated amortisation up to 31<sup>st</sup> March, 2020</b>	<b>47.70</b>	<b>1.42</b>	<b>49.12</b>	
<b>Closing net carrying amount as at 31<sup>st</sup> March, 2020</b>	<b>14.24</b>	<b>12.06</b>	<b>26.30</b>	
<b>Year ended 31<sup>st</sup> March, 2021</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	61.94	13.48	75.42	
Additions during the year	8.85	-	8.85	
<b>Closing gross carrying amount as at 31<sup>st</sup> March, 2021</b>	<b>70.79</b>	<b>13.48</b>	<b>84.27</b>	
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	47.70	1.42	49.12	
Amortisation charge for the year	14.55	1.33	15.88	
<b>Closing accumulated depreciation up to 31<sup>st</sup> March, 2021</b>	<b>62.25</b>	<b>2.75</b>	<b>65.00</b>	
<b>Net carrying amount as at 31<sup>st</sup> March, 2021</b>	<b>8.54</b>	<b>10.73</b>	<b>19.27</b>	

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

### Note 6: Other Investments

₹ million

Particulars	Face value	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
		Quantity (Nos)	Value	Quantity (Nos)	Value
<b>Unquoted</b>					
<b>Investment in equity instruments (fully paid-up)</b>					
<b>Investment in wholly owned subsidiary carried (at cost)</b>					
Bhagalaxmi Dairy Farm Private Limited	₹ 10	57,85,354	622.64	57,85,354	622.64
<b>Investment in other entities (fair value through Profit and Loss)</b>					
OPGS Power Gujarat Private Limited		2,18,000	-	2,18,000	-
Rupee Co-Operative Bank Ltd.		3,800	-	3,800	-
<b>Other Investments</b>					
<b>Unquoted</b>					

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

₹ million

Particulars	Face value	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
		Quantity (Nos)	Value	Quantity (Nos)	Value
<b>Investment in other entities (fair value through Profit and Loss)</b>					
Sharad Sahakari Bank Ltd.		318	0.02	318	0.02
SVC Bank Ltd		100	0.00		
<b>Quoted</b>					
<b>Investment in mutual fund (fair value through Profit and Loss)</b>					
PFG-Union Balanced Advantage Fund Regular Plan - Growth		4,99,990	6.96	4,99,990	4.77
FSGP-IDBI Banking & Financial Services Fund - Regular Plan-Growth		1,00,000	1.22	1,00,000	0.73
<b>Total</b>			<b>630.84</b>		<b>628.16</b>
<b>Total non-current investments</b>					
<b>Aggregate amount of quoted investments and market value thereof</b>					
<b>Aggregate amount of unquoted investments</b>					
<b>Aggregate amount of impairment in the value of investments</b>					

**Note:** The investments is in compliance with Section 186(4) of the Companies Act, 2013.

### Note 7: Other financial assets - Non-current

₹ million

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Unsecured, considered good</b>		
Fixed deposits having original maturity of more than one year	3.21	2.49
Interest Receivable	0.03	0.00
Deposits	117.47	118.47
<b>Total</b>	<b>120.71</b>	<b>120.96</b>

### Note 8: Other non-current assets

₹ million

Particulars	As at	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Unsecured, considered good</b>		
Capital advances	15.22	65.74
Prepaid expenses	8.44	9.40
<b>Total</b>	<b>23.66</b>	<b>75.14</b>



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 9 : Inventories (At lower of cost and net realisable value)

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Raw materials</b>	98.71	94.46
Work-in-progress	4,879.23	3,840.44
Finished goods	1,636.16	2,094.19
Packing material	142.68	125.62
Stores and spares	116.54	113.56
<b>Total</b>	<b>6,873.32</b>	<b>6,268.27</b>

#### Note:

For Inventories pledged as securities against borrowings, see note 17 and 20.

The above includes goods in transit as below:

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Stock in transit - finished goods</b>	18.35	8.17

#### Note:

The cost of inventories recognised as an expense includes ₹ 16.17 million (31<sup>st</sup> March, 2020: ₹ 12.60 million) in respect of write down of inventories to net realizable value. Further, a sum of ₹ 12.60 million (31<sup>st</sup> March, 2020: ₹ 0.65 million) in respect of reversal of such write downs. Previous write downs have been reversed as a result of appreciation in market price of such inventories.

### Note 10: Trade receivables

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Unsecured, Considered good</b>	1,559.15	2,994.85
Unsecured, Considered doubtful	970.91	1,145.95
Less: Allowance for doubtful debts	(970.91)	(1,145.95)
	-	-
<b>Total</b>	<b>1,559.15</b>	<b>2,994.85</b>

#### Note:

- No trade receivables are due from directors or other officers of the Company, either severally or jointly with any other person, nor any trade and other receivables are due from firms or private companies respectively in which any directors is a partner, a director or a member.
- The Company's exposure to credit and currency risk related to trade receivables are disclosed in note 36 A & 36 C
- Trade receivables are receivable in normal operating cycle and are shown net of an allowance for bad or doubtful debts.
- Trade receivables stated above are charged on a first pari-passu basis between working capital consortium members led by Union Bank of India, State Bank of India and IDBI Bank Ltd.

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 11: Cash and cash equivalents

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Balances with banks		
in current accounts	16.29	73.44
Short term Bank deposits (Maturity within 3 months)	25.41	125.26
Cash on hand	23.64	14.45
<b>Total</b>	<b>65.34</b>	<b>213.15</b>

### Note 12: Bank balances (other than above)

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Short term Bank deposits (Maturity more than 3 months but less than 12 months)	117.06	54.55
<b>Total</b>	<b>117.06</b>	<b>54.55</b>

### Note 13: Other current assets

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Advances other than capital advances</b>		
<b>Unsecured, considered good:</b>		
Prepaid expenses	6.87	15.56
Advances and other recoverables	2,318.99	1,196.71
<b>Recoverable from statutory and government authorities</b>		
<b>Unsecured, considered good:</b>		
Electricity duty receivable	22.20	22.20
PSI incentive and export subsidy receivable	647.75	607.04
Milk incentive receivable	86.20	216.51
GST, VAT and Sales tax receivable	38.28	43.96
Interest receivable	-	8.61
<b>Unsecured, considered doubtful</b>		
Advances and other recoverables	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	0.07	7.57
<b>Grand Total</b>	<b>3,120.36</b>	<b>2,118.16</b>

### Note 14: Current tax assets (net)

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Current tax assets (net)	1.33	-
<b>Total</b>	<b>1.33</b>	<b>-</b>

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 15: Equity share capital

			₹ million
Particulars	Number of shares (Nos.)	Face Value (₹)	Amount
<b>(a) Authorised equity share capital</b>			
<b>As at 1<sup>st</sup> April, 2019</b>	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
<b>As at 31<sup>st</sup> March, 2020</b>	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	10,00,00,000	10.00	1,000.00
<b>(b) Issued, subscribed and fully paid up share capital</b>			
			₹ million
Particulars	Number of shares (Nos.)	Face Value (₹)	Amount
<b>As at 1<sup>st</sup> April, 2019</b>			
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 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)	-	10.00	-
<b>As at 31<sup>st</sup> March, 2020</b>	<b>8,39,38,567</b>	<b>10.00</b>	<b>839.39</b>
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 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)	-	10.00	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>8,39,38,567</b>	<b>10.00</b>	<b>839.39</b>

### (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 ₹ 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 Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

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

Particulars	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
<b>Equity shares of ₹ 10 each fully paid</b>				
Mr. Devendra Prakash Shah	1,52,06,400	18.12%	152,06,400	18.12%
Mr. Pritam Prakash Shah	91,59,888	10.91%	91,59,888	10.91%
Mrs. Netra Pritam Shah	88,67,027	10.56%	88,67,027	10.56%
Stichting Depository APG Emerging Markets Equity Pool	-	0.00%	61,28,938	7.30%
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	50,42,534	6.01%	50,42,534	6.01%

(e) 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 (31<sup>st</sup> March, 2020 176,015 nos) of equity shares issued to ESOS Trust.

(f) 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.

(g) The Board of Directors have recommended payment of final dividend of ₹ 0.50 (Fifty Paise only) per equity share of the face value of ₹ 10 each for the financial year ended 31<sup>st</sup> March, 2021. The total dividend for the year paid is ₹ 0.50 (Fifty Paise only) per equity share of the face value of ₹ 10 each.

### Note 16: Other Equity

Particulars	₹ million	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Securities Premium	4,447.85	4,447.85
General Reserve	59.26	59.26
Retained Earnings	3,844.12	3,711.64
Employee Stock Options Outstanding	7.29	8.27
Other Comprehensive Income	0.22	(5.49)
<b>Total</b>	<b>8,358.74</b>	<b>8,221.53</b>

#### Note:

For movements in reserves - refer Statement of Changes in Equity.

#### 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 payout, 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 invested as on the reporting date and is net of the deferred employee compensation expense.



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 17: Borrowings - Non-current

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Measured at amortised cost</b>		
<b>Secured</b>		
<b>Term loans</b>		
From banks		
Rupee Currency Loan	312.08	395.64
Foreign currency loan	177.10	361.40
Vehicle Loan	21.63	25.83
<b>From other than banks</b>		
Vehicle Loan	-	0.89
	510.81	783.76
Less: Current maturity	(302.18)	(302.28)
<b>Total</b>	<b>208.63</b>	<b>481.48</b>

#### Note:

- (a) Indian rupee loans from a bank of ₹ 312.08 million (31<sup>st</sup> March, 2020 : ₹ 395.64 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.
- (b) Foreign currency loan from a financial institution of ₹ 177.10 million (31<sup>st</sup> March, 2020 : ₹ 361.40 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.
- (c) Hire purchase loan from banks of ₹ 21.63 million (31<sup>st</sup> March, 2020 : ₹ 25.83 million) carries interest @ 9.20% to 9.35% p.a. The loans are repayable in 60 monthly instalments starting from December 2018 and November 2019. The loan is secured by specific assets financed (vehicle).
- (d) Indian rupee loans from financial institutions of ₹ Nil million (31<sup>st</sup> March, 2020 : ₹ 0.89 million) represents loan secured by hypothecation of equipments and vehicles. The loans are repayable over 36 - 60 instalments and carry interest of 11.72%.
- (e) Average interest rate for the non-current borrowings is 7.93%

### Note 18: Other financial liabilities

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Non-current:</b>		
Lease liability	84.04	109.75
<b>Total</b>	<b>84.04</b>	<b>109.75</b>

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 19: Provisions

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Non-current:</b>		
Provision for compensated absences (refer note 39)	2.89	2.74
Provision for gratuity (net) (refer note 39)	37.15	40.62
<b>Total</b>	<b>40.04</b>	<b>43.36</b>
<b>Current:</b>		
Provision for compensated absences (refer note 39)	4.44	4.21
<b>Total</b>	<b>4.44</b>	<b>4.21</b>

### Note 20: Borrowings - current

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From banks- cash credit	3,125.60	3,167.10
<b>Total</b>	<b>3,125.60</b>	<b>3,167.10</b>

#### Note:

- (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 fixed assets 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%

### Note 21: Trade payables - current

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
(A) total outstanding dues of micro enterprises and small enterprises; and	8.97	25.03
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	2,879.10	2,789.26
<b>Total</b>	<b>2,888.07</b>	<b>2,814.29</b>

**Note :** Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :

- (a) Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues to suppliers which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31<sup>st</sup> March, 2021. The disclosure pursuant to the said Act is as under:

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

₹ million

Particulars	31 <sup>st</sup> March, 2021 /2020-21	31 <sup>st</sup> March, 2020 /2019-20
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	8.97	17.48
Interest	8.92	7.55
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	35.75	37.73
The amount of interest accrued and remaining unpaid at the end of each accounting year	8.92	7.55
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	8.92	7.55

- (b) 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: Other current financial liabilities

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Current maturities of long-term debt (refer note 17)	302.18	302.28
Interest accrued but not due on borrowings	12.65	14.11
Deposits	95.34	211.83
Employee related liabilities	94.75	84.30
Trade payable for capital goods other than payable to Micro and Small Enterprises	83.76	152.27
Directors remuneration payable (refer note 41)	8.05	2.77
Lease liability	25.71	27.75
Book overdrawn balance	-	0.11
<b>Total</b>	<b>622.44</b>	<b>795.42</b>

### Note 23: Other current liabilities

₹ million

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Statutory dues payables	201.94	91.80
Advances from customers	8.92	1.24
<b>Total</b>	<b>210.86</b>	<b>93.04</b>

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

₹ million

### Note 24: Current tax liabilities (net)

Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Current tax liability (net)	-	76.84
<b>Total</b>	<b>-</b>	<b>76.84</b>

### Note 25 : Revenue from Operations

₹ million

Particulars	2020-21	2019-20
<b>A. Sale of products (excluding GST, as applicable) :</b>		
Sale of manufactured goods	16,231.69	21,750.31
Sale of traded goods	1,210.56	1,797.15
	<b>17,442.25</b>	<b>23,547.46</b>
<b>B. Other operating revenues comprise:</b>		
Processing charges	306.41	71.60
Export benefits and incentives	4.32	9.61
PSI incentive	157.19	212.97
Milk incentive	-	63.22
Scrap sale	7.18	7.91
	<b>475.10</b>	<b>365.31</b>
<b>Total (A+B)</b>	<b>17,917.35</b>	<b>23,912.77</b>

### Note :

- (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 ₹ 157.19 million (31<sup>st</sup> March, 2020: ₹ 212.97 million) as Other Operating Income in Statement of Profit and Loss.
- (b) The Company has also accounted for Milk subsidy amounting to Rs Nil million (31<sup>st</sup> March, 2020: 63.22 million) and export subsidy amounting to ₹ 4.32 million (31<sup>st</sup> March, 2020: ₹ 9.61 million) as Other Operating Income in Statement of Profit and Loss.

### (c) Revenue from operations- Geographical information

₹ million

Particulars	2020-21	2019-20
Within India	17,589.72	23,529.57
Outside India	327.63	383.20
<b>Total</b>	<b>17,917.35</b>	<b>23,912.77</b>

- (c) 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.



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 26: Other income

₹ million

Particulars	2020-21	2019-20
Interest income		
Bank Deposits	8.68	13.73
Security Deposit	0.68	1.82
Others	11.10	9.52
Exchange Fluctuation (net)	9.37	(5.15)
Sundry Balances written back	24.78	5.58
Net gain / (loss) on sale or fair valuation of investments	2.68	0.21
Miscellaneous Income	10.95	3.48
<b>Total</b>	<b>68.24</b>	<b>29.19</b>

### Note 27 : Cost of materials consumed

₹ million

Particulars	2020-21	2019-20
<b>Raw materials consumed</b>		
Opening Stock	94.46	120.14
Add: Purchases	11,902.08	16,312.47
	<b>11,996.54</b>	<b>16,432.61</b>
Less: Closing Stock	(98.71)	(94.46)
	<b>11,897.83</b>	<b>16,338.15</b>
<b>Packing materials, stores spares and consumables consumed</b>		
Opening Stock	239.18	246.95
Add: Purchases	1,128.35	1,188.51
	<b>1,367.53</b>	<b>1,435.46</b>
Less: Closing Stock	(259.22)	(239.18)
	<b>1,108.31</b>	<b>1,196.28</b>
<b>Total</b>	<b>13,006.14</b>	<b>17,534.43</b>

### Note 28 : Purchase of Stock in trade

₹ million

Particulars	2020-21	2019-20
Milk products	975.31	2,220.30
<b>Total</b>	<b>975.31</b>	<b>2,220.30</b>

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 29: Changes in inventories of finished goods, stock-in-trade and work-in-progress

₹ million

Particulars	2020-21	2019-20
<b>Inventories - Milk Products</b>		
<b>Opening Stock:</b>		
Finished goods	2,094.19	1,282.22
Work-in progress	3,840.44	2,828.14
	<b>5,934.63</b>	<b>4,110.36</b>
Less:		
<b>Closing Stock:</b>		
Finished goods	1,636.16	2,094.19
Work-in progress	4,879.23	3,840.44
	<b>6,515.39</b>	<b>5,934.63</b>
<b>Changes in inventories:</b>		
Finished goods	458.03	(811.97)
Work-in progress	(1,038.79)	(1,012.30)
	<b>(580.76)</b>	<b>(1,824.27)</b>

### Note 30: Employee benefits expense

₹ million

Particulars	2020-21	2019-20
Salaries and wages	675.10	829.56
Contributions to provident and other funds (refer note 39)	32.30	41.19
Gratuity (refer note 39)	11.16	12.38
Staff welfare expenses	35.69	44.02
Share-based Payments to employees (refer note 45)	(0.98)	3.38
<b>Total</b>	<b>753.27</b>	<b>930.53</b>

### Note 31: Finance costs

₹ million

Particulars	2020-21	2019-20
Interest on debts and borrowings		
term loans	444.87	357.52
Interest others	10.31	22.89
<b>Total</b>	<b>455.18</b>	<b>380.41</b>

### Note 32: Depreciation and amortisation expenses

₹ million

Particulars	2020-21	2019-20
Depreciation of property, plant and equipment	414.48	475.67
Amortisation of intangible assets	47.58	19.37
Depreciation of Right of Use assets	31.70	18.71
<b>Total</b>	<b>493.76</b>	<b>513.75</b>

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 33: Other expenses

₹ million

Particulars	2020-21	2019-20
Transport, octroi and freight	669.41	825.76
Power and fuel	339.90	329.97
Rent (refer note 38)	164.62	109.12
Rates and taxes	91.76	90.44
Insurance	26.43	11.93
<b>Repairs and maintenance</b>		
- Plant and machinery	37.53	51.42
- Building	7.29	6.06
- Others	9.47	8.97
Other factory expenses	120.41	193.81
Labour charges	154.73	161.80
Security charges	13.37	15.94
Travelling and conveyance	21.71	54.45
Legal and professional fees (refer note 41)	133.88	138.06
Sales promotion, commission and advertisement	322.31	518.46
Allowance for doubtful debts and advances (net)	126.89	95.10
CSR expenses (refer note 44)	40.05	10.78
Miscellaneous expenses	216.26	312.60
<b>Total</b>	<b>2,496.02</b>	<b>2,934.67</b>

### # Details of payments to auditors

₹ million

Particulars	2020-21	2019-20
<b>Payment to the auditors</b> (included in miscellaneous expenses)		
<b>Auditors remuneration (excluding taxes):</b>		
Audit fees	2.64	3.98
Other services	0.53	0.75
Certification work	-	-
Re-imbursment of expenses	-	0.03
<b>Total</b>	<b>3.17</b>	<b>4.76</b>

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 34: Disclosure pursuant to Indian Accounting Standard (Ind AS) 12, Income Taxes

(a) The major components of recognised deferred tax (liabilities)/assets arising on account of timing differences are as follows:

For the year ended 31<sup>st</sup> March, 2021

₹ million

Particulars	Net balance 1 <sup>st</sup> April, 2020	Recognised in profit or loss	Recognised in OCI	Net balance 31 <sup>st</sup> March, 2021
<b>Deferred tax liabilities</b>				
Property, plant and equipment and Intangible assets	323.47	(105.62)	-	217.85
Others	11.72	(11.72)	-	-
<b>Sub-Total</b>	<b>335.19</b>	<b>(117.34)</b>	<b>-</b>	<b>217.85</b>
<b>Deferred tax assets</b>				
Expected credit loss on financial assets	416.59	(160.60)	-	255.99
Ind AS 116	1.11	(1.11)	-	(0.00)
Expenses allowed on payment basis	19.00	(4.87)	1.92	16.05
<b>Sub-Total</b>	<b>436.70</b>	<b>(166.58)</b>	<b>1.92</b>	<b>272.04</b>
<b>Minimum Alternate Tax (MAT) credit</b>				
Recognised	21.17	(21.17)	-	-
<b>Sub-Total</b>	<b>21.17</b>	<b>(21.17)</b>	<b>-</b>	<b>-</b>
<b>Net Deferred tax assets/(liabilities)</b>	<b>122.68</b>	<b>(70.41)</b>	<b>1.92</b>	<b>54.19</b>

For the year ended 31<sup>st</sup> March, 2020

₹ million

Particulars	Net balance 1 <sup>st</sup> April, 2019	Recognised in profit or loss	Recognised in OCI	Net balance 31 <sup>st</sup> March, 2020
<b>Deferred tax liabilities</b>				
Property, plant and equipment and Intangible assets	270.55	52.92	-	323.47
Others	10.62	1.10	-	11.72
<b>Sub-Total</b>	<b>281.17</b>	<b>54.02</b>	<b>-</b>	<b>335.19</b>
<b>Deferred tax assets</b>				
Expected credit loss on financial assets	383.36	33.23	-	416.59
Ind AS 116	-	0.57	0.54	1.11
Expenses allowed on payment basis	17.94	2.99	(1.93)	19.00
<b>Sub-Total</b>	<b>401.30</b>	<b>36.79</b>	<b>(1.39)</b>	<b>436.70</b>
<b>Minimum Alternate Tax (MAT) credit</b>				
Recognised	56.55	(35.38)	-	21.17
<b>Sub-Total</b>	<b>56.55</b>	<b>(35.38)</b>	<b>-</b>	<b>21.17</b>
<b>Net Deferred tax assets/(liabilities)</b>	<b>176.68</b>	<b>(52.61)</b>	<b>(1.39)</b>	<b>122.68</b>



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 34: Disclosure pursuant to Indian Accounting Standard (Ind AS) 12, Income Taxes (contd..)

(b) Income tax expense		₹ million	
Particulars	2020-21	2019-20	
<b>Income tax expense</b>			
<i>Current tax</i>			
Current tax on profits for the year	61.12	293.13	
Adjustments for current tax of earlier periods	80.60	-	
<b>Total</b>	<b>141.72</b>	<b>293.13</b>	
<i>Deferred tax</i>			
Deferred tax charge/(credit)	49.24	17.23	
MAT Credit entitlement	21.17	35.38	
<b>Total</b>	<b>70.41</b>	<b>52.61</b>	
<b>Income tax expense</b>	<b>212.13</b>	<b>345.74</b>	

(c) Reconciliation of effective tax rate:		₹ million	
Particulars	2020-21	2019-20	
<b>Profit before tax</b>	386.67	1,252.12	
Applicable tax rate*	25.17%	34.94%	
<b>Expected income tax expense</b>	<b>97.32</b>	<b>437.54</b>	
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>			
Effect of non deductible expenses	(26.21)	46.12	
Effect of tax exempt income (exemption under section 80IB)	-	(168.32)	
Effect of tax adjustment in respect of earlier years	80.60	-	
Effect of deferred tax in respect of earlier years	-	0.57	
Effect of tax rate change*	28.94	-	
Others	31.48	29.83	
<b>Income tax expense</b>	<b>212.13</b>	<b>345.74</b>	
<b>Effective tax rate</b>	<b>54.86%</b>	<b>27.61%</b>	

\*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 31<sup>st</sup> March, 2021.

(d) Amounts recognised in Other comprehensive income		₹ million				
Particulars	2020-21			2019-20		
	Before tax	Tax (Expense) /Benefit	Net of tax	Before tax	Tax (Expense) /Benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of the defined benefit plans	7.63	(1.92)	5.71	5.54	(1.93)	3.61

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 35: 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.

As at 31 <sup>st</sup> March, 2021	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
<b>Other non-current financial assets</b>							
Investments - mutual funds	8.18	-	8.18	8.18	-	-	8.18
Investments - Others	622.66	-	622.66	-	-	622.66	622.66
<b>Others</b>							
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	-	-	-	-
<b>Total</b>	<b>630.84</b>	<b>1,862.26</b>	<b>2,493.10</b>	<b>8.18</b>	<b>-</b>	<b>622.66</b>	<b>630.84</b>
<b>Financial liabilities</b>							
Borrowings - non-current	-	208.63	208.63	-	-	-	-
Borrowings - current	-	3,125.60	3,125.60	-	-	-	-
Trade payables	-	2,888.07	2,888.07	-	-	-	-
Current maturities of long - term borrowings	-	302.18	302.18	-	-	-	-
Other financial liabilities	-	320.26	320.26	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6,844.74</b>	<b>6,844.74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

₹ million

As at 31 <sup>st</sup> March, 2020	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
<b>Other non-current financial assets</b>							
Investments - mutual funds	5.50	-	5.50	5.50	-	-	5.50
Investments - Others	622.66	-	622.66	-	-	622.66	622.66
<b>Others</b>							
Other financial assets (non current)	-	120.96	120.96	-	-	-	-
Trade receivable	-	2,994.85	2,994.85	-	-	-	-
Cash and cash equivalents	-	213.15	213.15	-	-	-	-
Other bank balances	-	54.55	54.55	-	-	-	-
<b>Total</b>	<b>628.16</b>	<b>3,383.51</b>	<b>4,011.67</b>	<b>5.50</b>	<b>-</b>	<b>622.66</b>	<b>628.16</b>
<b>Financial liabilities</b>							
Borrowings - non-current	-	481.48	481.48	-	-	-	-
Borrowings - current	-	3,167.10	3,167.10	-	-	-	-
Trade payables	-	2,814.29	2,814.29	-	-	-	-
Current maturities of long - term borrowings	-	302.28	302.28	-	-	-	-
Other financial liabilities	-	493.14	493.14	-	-	-	-
<b>Total</b>	<b>-</b>	<b>7,258.29</b>	<b>7,258.29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Note 36: Financial Risk Management

#### Risk management framework

The Company has in place a mechanism to inform the Board about the risk assessment and 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.

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customers. Outstanding customers are regularly monitored.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

Particulars	₹ million	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Outstanding for a period not exceeding six months	1,475.53	2,883.13
Outstanding for a period exceeding six months	1,054.53	1,257.67
<b>Gross trade receivables</b>	<b>2,530.06</b>	<b>4,140.80</b>
Less: Provision for doubtful debts	(970.91)	(1,145.95)
<b>Net trade receivables</b>	<b>1,559.15</b>	<b>2,994.85</b>

On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company computes the expected credit loss allowance as per simplified approach for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer and the Company's historical experience for customers. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is based on the ageing of the receivable days and the rates as given in the provision matrix.

The movement in the loss allowance in respect of trade receivables is as follows

Loss allowance on trade receivables		Amount in ₹ Million
	Balance as at 1 <sup>st</sup> April, 2019	1,052.95
Add:	Impairment loss recognised	93.00
Less:	Write-off of bad debts	-
	Balance as at 31 <sup>st</sup> March, 2020	1,145.95
Add:	Impairment loss recognised	122.33
Less:	Write-off of bad debts	(297.37)
	<b>Balance as at 31<sup>st</sup> March, 2021</b>	<b>970.91</b>

### Note 36: Financial Risk Management

#### (B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft/ cash credit facility. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities. The Company has access to a sufficient sources of short term funding with existing lenders that could be arranged upon should there be need.

#### (i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

₹ million

Contractual maturities of financial liabilities 31 <sup>st</sup> March, 2021	Carrying value	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings - non-current	510.81	302.18	125.08	83.55	510.81
Borrowings - current	3,125.60	3,125.60	-	-	3,125.60
Trade payables	2,888.07	2,888.07	-	-	2,888.07
Lease rent payable	109.75	25.71	28.68	55.36	109.75
Other financial liabilities	294.55	294.55	-	-	294.55
<b>Total non-derivative liabilities</b>	<b>6928.78</b>	<b>6636.11</b>	<b>153.76</b>	<b>138.91</b>	<b>6928.78</b>

₹ million

Contractual maturities of financial liabilities 31 <sup>st</sup> March, 2020	Carrying value	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings - non-current	783.76	272.96	302.18	208.62	783.76
Borrowings - current	3,167.10	3,167.10	-	-	3,167.10
Trade payables	2,814.29	2,814.29	-	-	2,814.29
Lease rent payable	137.50	27.75	25.71	84.04	137.50
Other financial liabilities	465.39	465.39	-	-	465.39
<b>Total non-derivative liabilities</b>	<b>7,368.04</b>	<b>6,747.49</b>	<b>327.89</b>	<b>292.66</b>	<b>7,368.04</b>

### (C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

#### (i) Foreign currency risk

The Company is subject to risk of changes in foreign currency values that impact costs of imported raw material and import of equipment for expansion of plants, primarily with respect to USD and EURO. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations.

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on 31<sup>st</sup> March, 2021, 31<sup>st</sup> March, 2020.

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

(a) The Company unhedged exposure to foreign currency risk at the end of the reporting period are as follows

₹ million

Sr no	Particulars	Currency	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
			Amount			
<b>A Financial assets</b>			<b>INR</b>	<b>Foreign currency</b>	<b>INR</b>	<b>Foreign currency</b>
(i)	Trade receivables	USD	34.19	0.47	11.17	0.15
<b>B Financial liabilities</b>						
(i)	Foreign currency loan					
	Bank loan	USD	177.10	2.41	361.40	4.79
	Interest payable	USD	2.32	0.03	6.11	0.08
(ii)	Trade payables	USD	0.08	0.00	8.74	0.12
		EURO	10.08	0.12	39.11	0.47
		AUD	2.50	0.05	1.50	0.03
		GBP	0.07	0.00	0.06	0.00

#### (b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at 31<sup>st</sup> 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.

	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
<b>31<sup>st</sup> March, 2021</b>				
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)
<b>31<sup>st</sup> March, 2020</b>				
Effect in INR				
1% movement				
USD	3.65	(3.65)	3.65	(3.65)
EUR	0.39	(0.39)	0.39	(0.39)
AUD	0.01	(0.01)	0.01	(0.01)
GBP	0.00	(0.00)	0.00	(0.00)

#### (i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Company main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The company's borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, *Financial Instruments: Disclosures*, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### (a) Interest rate risk exposure

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interestbearing financial instruments as reported to the management of the Company is as follows.

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Fixed rate instruments and variable rate instruments</b>		
<b>Financial assets</b>		
Bank deposits	145.68	182.29
<b>Total</b>	<b>145.68</b>	<b>182.29</b>
<b>Financial liabilities</b>		
Non-current borrowings	208.63	481.48
Current maturities of non-current borrowings	302.18	302.28
Current borrowings	3125.60	3167.10
<b>Total</b>	<b>3636.41</b>	<b>3950.86</b>

### (b) Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Impact on profit/(loss) - Increase / (Decrease) in profit	
	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Interest rates – increase by 100 basis points *	(36.15)	(39.23)
Interest rates – decrease by 100 basis points *	36.15	39.23

\* Holding all other variables constant

### Note 37: Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust its dividend payment (refer note 16) ratio to shareholders, return capital to shareholders or issue fresh shares.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

The Company's adjusted net debt to equity ratio are as follows.

Particulars	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
<b>Borrowings</b>		
Long term and Short term borrowings	3,334.23	3,648.58
Current maturities of Long term borrowings	302.18	302.28
Less: Cash and cash equivalents	(211.02)	(395.44)
<b>Adjusted net debt</b>	<b>3,425.39</b>	<b>3,555.42</b>
Total Equity	9,198.13	9,060.92
<b>Adjusted net debt to equity ratio</b>	<b>0.37</b>	<b>0.39</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

### Note 38: 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	₹ million	
Carrying Value	2020-21	2019-20
Opening Balance	153.52	-
Additions	-	153.52
Disposal / derecognized during the year	-	-
<b>Closing Balance</b>	<b>153.52</b>	<b>153.52</b>

B. Lease Liabilities	₹ million	
Accumulated depreciation	2020-21	2019-20
Opening Balance	18.71	-
Additions	31.70	18.71
Disposal / derecognized during the year	-	-
<b>Closing Balance</b>	<b>50.41</b>	<b>18.71</b>

Particulars	2020-21	2019-20
Opening Balance	137.50	-
Addition	-	153.52
Accredition of interest	13.66	5.03
Payments	41.41	21.05
<b>Total</b>	<b>109.75</b>	<b>137.50</b>



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

₹ million

Lease liabilities	2020-21	2019-20
Current	25.71	27.75
Non - Current	84.04	109.75
<b>Total</b>	<b>109.75</b>	<b>137.50</b>

### C. Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:

₹ million

Lease liabilities	2020-21	2019-20
Not later than one year	36.51	41.41
Later than one year and not later than five years	97.35	133.86
<b>Total</b>	<b>133.86</b>	<b>175.27</b>

### D. Amounts to be recognised in Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2021

₹ million

Particulars	2020-21	2019-20
Depreciation expense of Right-of-Use assets	31.70	18.71
Interest expense on lease liabilities	13.66	5.03
<b>Total</b>	<b>45.36</b>	<b>23.74</b>

### Note 39: Disclosure pursuant to Indian Accounting Standard (Ind AS) 19, Employee Benefits

#### A. Defined contribution plan- Provident Fund/Employee State Insurance

The Company has recognised an amount of ₹ 32.32 million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Benefit/Contribution to	2020-21	2019-20
Provident Fund	27.23	34.23
National Pension Scheme	0.60	0.98
Employees State Insurance	4.47	5.94
Labour Welfare Fund	0.02	0.03
<b>Total</b>	<b>32.32</b>	<b>41.18</b>

#### 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 31<sup>st</sup> March, 2021. 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.

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

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.

₹ million

Defined benefit plans	2020-21	2019-20
<b>I Expenses recognised in statement of profit and loss during the year:</b>		
Current Service Cost	8.95	10.15
Past Service Cost	-	0.00
Expected return on plan assets	(1.42)	(1.43)
Interest cost on benefit obligation	3.63	3.66
<b>Total Expenses</b>	<b>11.16</b>	<b>12.38</b>
<b>II Expenses recognised in OCI</b>		
Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO	-	0.00
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	0.08	2.16
Actuarial (Gain)/ Losses due to Experience on DBO	(7.91)	(8.05)
Return on Plan Assets (Greater) / Less than Discount rate	0.20	0.36
<b>Total Expenses</b>	<b>(7.63)</b>	<b>(5.53)</b>
<b>III Net Asset / (Liability) recognised as at balance sheet date:</b>		
Present value of defined benefit obligation	(62.99)	(62.75)
Fair Value of Plan Assets	25.84	22.13
<b>Funded status [Surplus/(Deficit)]</b>	<b>(37.15)</b>	<b>(40.62)</b>
<b>IV Movements in present value of defined benefit obligation</b>		
Present value of defined benefit obligation at the beginning of the year	62.75	56.90
Current Service Cost	8.95	10.15
Past service cost	-	-
Interest Cost	3.63	3.66
Actuarial (Gain)/Loss	(7.83)	(5.89)
Benefits paid	(4.50)	(2.07)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>63.00</b>	<b>62.75</b>
<b>V Movements in fair value of the plan assets</b>		
Opening fair value of plan assets	22.13	20.04
Expected returns on Plan Assets	1.42	1.44
Actuarial (Gain)/Loss on Plan assets	(0.20)	(0.36)
Contribution from Employer	6.99	2.99
Benefits paid	(4.50)	(1.98)
<b>Closing fair value of the plan asset</b>	<b>25.84</b>	<b>22.13</b>
<b>VI Maturity profile of defined benefit obligation</b>		
Within the next 12 months (next annual reporting period)	11.75	12.13
Between 1 to 5 years	33.16	32.67
Between 6 to 10 years	23.20	23.16

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

Defined benefit plans	₹ million	
	2020-21	2019-20
<b>VII Quantitative sensitivity analysis for significant assumptions is as below:</b>		
<b>1</b> Increase/(decrease) on present value of defined benefit obligation at the end of the year		
(i) +100 basis points increase in discount rate	-4.40%	-4.53%
(i) -100 basis points decrease in discount rate	4.88%	5.01%
(iii) +100 basis points increase in rate of salary increase	4.70%	4.88%
(iv) -100 basis points decrease in rate of salary increase	-4.36%	-4.55%

### 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.

<b>VIII Actuarial Assumptions:</b>	2020-21	2019-20
Discount rate	6.37%	6.40%
Expected return on assets	6.37%	6.40%
Expected rate of salary increase	6.00% p.a	6.00% p.a
Withdrawal rate	14.00%	14.00%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (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 ₹ 11.75 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 6.48 years.

### C. Annual Leave and Sick Leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended 31<sup>st</sup> March, 2021 based on actuarial valuation carried out by using Projected Unit Credit method resulted in increase in liability by ₹ 0.39 million. (Previous Year- decreased by ₹ 9.10 million)

Financial Assumptions	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Discount Rate	6.37%	6.40%
Basic salary increases allowing for Price inflation	6.00%	6.00%

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

Demographic Assumptions	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover	14.00%	14.00%
Leave Availment Ratio	15% for two years	15% for two years

### Note 40: Contingent liabilities and Commitments

Sr no	Particulars	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
<b>(A) Contingent liabilities</b>			
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.	63.40	58.70
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 7 <sup>th</sup> March, 2012 in the Court of Honourable Civil Judge, Senior Division, Pune for damaged goods supplied by the Company. The amount includes interest of ₹ 20.37 Million	70.68	70.68
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	1.12
f)	Income tax matter under litigation for the AY 2013-14 to AY 2019-20	38.82	11.83
g)	Corporate Guarantee given by the Company for Loan taken by suppliers from Bank	200.00	200.00
<b>(B) Commitments</b>			
"Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)"		<b>34.74</b>	<b>94.84</b>

### 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 Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 42: Disclosure pursuant to Indian Accounting Standard (Ind AS) 33, Earnings Per Share

₹ million

Particulars	2020-21	2019-20
Profit/(Loss) attributable to Equity shareholders (₹ in Million)(A)	174.54	906.38
Weighted average number of Equity shares for basic EPS (B)	8,39,38,567	8,39,38,567
Effect of Dilution :		
Weighted average number of Treasury shares held through ESOP Trust	1,76,015	1,76,015
Weighted average number of Equity shares adjusted for the effect of dilution (C )	8,41,14,582	8,41,14,582
Basic EPS (Amount in ₹) (A/B)	2.08	10.80
Diluted EPS (Amount in ₹) (A/C)	2.08	10.78

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 43: 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	₹ million	
Particulars	2020-21	2019-20
Within India	17,589.72	23,529.57
Outside India	327.63	383.20
<b>Total</b>	<b>17,917.35</b>	<b>23,912.77</b>

#### (b) Non-current operating assets

All non-current assets other than financial instruments, deferred tax assets of the company are located in India

#### (c) The Company does not have revenues from transactions with a single external customer amount to 10 per cent or more of the total revenues.

### Note 44: Disclosure on CSR Expense

₹ million

Particulars	2020-21	2019-20
a) Gross amount required to be spent by the Company during the period.	28.24	21.74
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above		
In Cash	40.05	10.78
Yet To be Paid in Cash	-	10.96

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### 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 September 3, 2015, approved grant of 227,000 stock options to its employees on September 4, 2015.

The Company has in its Board Meeting dated November 01, 2018 approved the grant of 166,015 options to the eligible employees of the Company at a fair market value of ₹ 258.90 (Two Hundred Fifty Eight Rupees and Ninety Paise) per option (based on the closing market price of ₹ 258.90 of the Company's shares on NSE as on October 31, 2018) under the Parag Milk Foods Limited - Employee Stock Option Scheme, 2018 - "ESOS 2018" (erstwhile ESOS2015 under the ESOS Scheme 2015, renamed as ESOS Scheme 2018, besides renaming of the scheme to ESOS 2018, the other terms and conditions will remain the same as stated in ESOS 2015.) The Board of Directors approved fresh grant of ESOS options 1,66,015 at a fair market value of ₹ 258.90 per option under Parag Milk Foods Limited - Employee Stock Option Scheme - 2018 "ESOS 2018" (erstwhile ESOS-2015 under the SSOS scheme 201, renamed as ESOS scheme 2018, besides remaining of the scheme to ESOS 2018 the oher terms and conditions will remain the same as stated in ESOS 2015.

According to ESOS 2018, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 years. The other relevant terms of the grant are as below. The fair valuation of the option have been computed as per the black scholes pricing model.

Vesting Period	1 years
Exercise Period	2 Years
Expected Life	2 Years
Exercise Price	₹ 258.90
Fair value using Black Scholes model on grant date	₹ 71.14
Date of grant	1-Nov-18

The details of activity under ESOS 2018 are summarized below:

Particulars	As at 31 <sup>st</sup> March, 2021		As at 31 <sup>st</sup> March, 2020	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	1,15,765	258.90	1,66,015	258.90
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	13,726	258.90	50,250	258.90
Exercised during the year	-	-	-	-
Exercisable/ Vested during the year	-	-	-	-
Outstanding at the end of the year:	1,02,039	258.90	1,15,765	258.90
of which Options vested and exercisable at the end of the year	-	-	-	-



## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

Particulars	₹ million	
	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2020
Dividend yield (%)		
Expected volatility	34.95%	34.95%
Risk-free interest rate	7.40%	7.40%
Weighted average share price	258.90	258.90
Exercise price (₹)	258.90	258.90
Expected life of options granted in years	2	2
Life of option remaining in months	0	7

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	₹ million	
	2020-21	2019-20
Employee option Plans	(0.98)	3.38

### Note 46: Disclosure pursuant to Indian Accounting Standard (Ind AS) 27, Separate Financial Statements

Investments in following subsidiary companies are accounted at cost:

Name of the subsidiary company	Principal place of business	Proportion of direct ownership as on 31 <sup>st</sup> March, 2021	Proportion of direct ownership as on 31 <sup>st</sup> March, 2020
Bhagyalaxmi Dairy Farm Private Limited	India	100%	100%

## Notes to Standalone Financial Statements

for the year ended 31<sup>st</sup> March, 2021

### Note 47:

The Code on Social Security, 2020 ('Code') received the Indian Parliament approval and Presidential assent in September 2020. The Code once made effective would impact the employee benefits during employment as well as post employment benefits. The implementation of the Code has been deferred by the Central Government on 30<sup>th</sup> March, 2021 and the date from which the code will be effective is yet to be notified. The impact assessment of the Code will be done by the Company once the same is made is effective.

### Note 48:

Based on its initial assessment, the Management does not expect any significant impact on the business of the Company due to the COVID-19 pandemic. The Company has evaluated the possible effects of COVID-19 on the carrying amounts of property, plant and equipment, inventory and trade receivables basis the internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to the above, and the Company's operating efficiency and gradually improving liquidity position, there is no material uncertainty in meeting the financial obligations over the foreseeable future.

### Note 49:

Previous year figures have been regrouped wherever necessary.

Signatures to Notes 1 to 49

As per our report attached

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

**For and on behalf of the Board of Directors**

**Edwin P. Augustine**  
Partner  
Membership No. 043385

**Devendra Shah**  
Chairman  
DIN: 01127319

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Shashikant Dalmia**  
Chief Financial Officer

**Rachana Sanganeria**  
Company Secretary & Compliance Officer  
Membership No. ACS10280

Place: Mumbai  
Date: 12<sup>th</sup> June, 2021

Place: Manchar  
Date: 12<sup>th</sup> June, 2021

# 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 31st March, 2021, 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 the 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2021, of its consolidated profit, 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 (ICAI) and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated 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.

### Valuation of Trade Receivables

(Refer to Note 3(e)(i) 'Accounting policy on impairment of financial assets', note 12 'Trade receivables' and note 38A 'Financial Risk Management - Credit Risk' to the consolidated financial statements).

As at 31st March, 2021, the trade receivables balance excluding provisions included in note 12 were Rs. 2,581.07 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.

### Principal Audit Procedures

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 Group's management.
- (b) Assessment of the appropriateness of the Group's credit risk policy and obtaining an understanding on management of credit risk.
- (c) Control testing:
  - 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.
- (d) Tests of details:
  - We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements;
  - We have verified the underlying supporting documents like acceptance of invoices along with various correspondence carried out by the

management of the Group with trade receivables for realization of money;

- We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables;
- We have verified the appropriateness of judgments regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Group's provisioning policies.
- We have conducted discussion with management as to the recoverability of the old outstanding and corroborating management's explanations with underlying documentation and correspondence with the customers.

### 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 Holding Company's Annual Report, 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 changes in equity and consolidated cash flows of the Group in accordance with the 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 the 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, as aforesaid.

In preparing the consolidated financial statements, 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 Board of Directors 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 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 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 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. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company included in the consolidated financial statement of which we are 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.

#### Other Matter

We draw attention to Note 52 to the accompanying Consolidated Financial Statements which explains the uncertainties and the Management's evaluation of the financial impact on the Company due to lockdown and other restrictions imposed on account of COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon the circumstances as they evolve in the subsequent period.

Our opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, that to the extent applicable:

- 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 by the Company so far as it appears from our examination of those books;
- 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 the 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 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2021 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 Auditors Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act; 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:
  - (1) the Consolidated financial statements disclose the impact of pending litigations on consolidated financial position of the Group - (refer note 41 to the consolidated financial statements);

- (2) the Group did not have any material foreseeable losses on the long-term contracts including derivative contracts; and
- (3) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No.109982W  
by the hand of

**Edwin P. Augustine**  
Partner  
Membership No. 043385  
UDIN: 21043385AAAAEC9942

Mumbai, 12th June, 2021

## 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 31st March, 2021, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary, which is a company incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary, which is a company 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by 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 internal financial controls system over financial reporting with reference to the financial statements of the Group.

### 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, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary which is a company 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 of 31st March, 2021, 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: 21043385AAAAEC9942

Mumbai, 12th June, 2021



## Consolidated Balance Sheet

as at 31st March, 2021

₹ million

Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	4,310.61	4,270.11
Capital work-in-progress		30.50	70.24
Other intangible assets	5	19.43	26.51
Biological assets other than bearer plants	6	402.60	359.72
<b>Financial assets</b>			
Investments	7	8.20	5.52
Loans	8	4.36	4.32
Others	9	120.83	121.08
Deferred tax assets (net)	36	30.86	88.26
Other non-current assets	10	39.21	187.11
<b>Total Non-current assets</b>		<b>4,966.60</b>	<b>5,132.87</b>
<b>Current assets</b>			
Inventories	11	6,947.85	6,328.86
<b>Financial assets</b>			
Trade receivables	12	1,589.48	3,034.79
Cash and cash equivalents	13	69.45	223.78
Bank balances (other than above)	14	117.06	54.65
Other current assets	15	3,134.85	2,125.09
<b>Total Current assets</b>		<b>11,858.69</b>	<b>11,767.17</b>
<b>Total Assets</b>		<b>16,825.29</b>	<b>16,900.04</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	839.39	839.39
Other equity	17	8,442.03	8,272.23
<b>Total Equity</b>		<b>9,281.42</b>	<b>9,111.62</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	18	333.19	481.48
Other financial liability	19	85.92	112.14
Provisions	20	42.00	45.10
<b>Total Non-Current Liabilities</b>		<b>461.11</b>	<b>638.72</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Borrowings	21	3,175.24	3,215.68
Trade payables	22		
(A) total outstanding dues of micro and small enterprises		8.97	25.41
(B) total outstanding dues of creditors other than micro and small enterprises.		3,032.33	2,915.00
Other financial liabilities	23	629.18	804.26
Other current liabilities	24	231.19	104.90
Provisions	25	4.78	4.58
Current tax liabilities (net)	26	1.07	79.87
<b>Total Current liabilities</b>		<b>7,082.76</b>	<b>7,149.70</b>
<b>Total Liabilities</b>		<b>7,543.87</b>	<b>7,788.42</b>
<b>Total Equity and Liabilities</b>		<b>16,825.29</b>	<b>16,900.04</b>
Significant Accounting Policies	3		
Contingent Liabilities and Commitments	41		
Other Notes	4 to 53		

The accompanying notes form an integral part of the consolidated financial statements.

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

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Shashikant Dalmia**  
Chief Financial Officer

**Rachana Sangneria**  
Company Secretary & Compliance Officer  
Membership No. ACS10280

Place: Mumbai  
Date: 12th June, 2021

Place: Manchar  
Date: 12th June, 2021

## Consolidated Statement of Profit and Loss

for the year ended 31st March, 2021

₹ million

Particulars	Notes	2020-21	2019-20
<b>Income</b>			
Revenue from operations	27	18,417.63	24,379.24
Other income	28	135.09	75.99
<b>Total Income</b>		<b>18,552.72</b>	<b>24,455.23</b>
<b>Expenses</b>			
Cost of materials consumed	29	13,235.23	17,669.92
Purchases of Stock-in-trade	30	975.31	2,220.30
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(591.43)	(1,743.36)
Employee benefits expense	32	781.97	961.04
Finance costs	33	457.74	381.04
Depreciation and amortisation expense	34	517.98	536.41
Other expenses	35	2,768.68	3,160.32
<b>Total Expenses</b>		<b>18,145.48</b>	<b>23,185.67</b>
<b>Profit before tax</b>		<b>407.24</b>	<b>1,269.56</b>
<b>Tax expense</b>			
Current tax		61.12	297.88
MAT (credit)/reversal		-	53.83
Deferred tax		63.50	23.22
Tax adjustment in respect of earlier years		75.57	(42.26)
<b>Profit for the year</b>		<b>207.05</b>	<b>936.89</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans		7.75	5.47
Income tax on above		(1.95)	(1.91)
<b>Other comprehensive income for the year, net of tax</b>		<b>5.80</b>	<b>3.56</b>
<b>Total Comprehensive income for the year</b>		<b>212.85</b>	<b>940.45</b>
<b>Earnings per equity share of face value of ₹ 10 each:</b>			
Basic earnings per share (in ₹)	45	2.47	11.16
Diluted earnings per share (in ₹)	45	2.46	11.14
Significant Accounting Policies	3		
Other Notes	4 to 53		

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

As per our attached report

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

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Partner  
Membership No. 043385

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Chief Financial Officer

**Rachana Sangneria**  
Company Secretary & Compliance Officer  
Membership No. ACS10280

Place: Mumbai  
Date: 12th June, 2021

Place: Manchar  
Date: 12th June, 2021

## Consolidated Statement of Changes in Equity

for the year ended 31st March, 2021

₹ million

### Equity share capital

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	₹ million	No. of shares	₹ million
Balance at the beginning of the reporting period	83,938,567	839.39	83,938,567	839.39
Change during the year	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>83,938,567</b>	<b>839.39</b>	<b>83,938,567</b>	<b>839.39</b>

### Other equity (refer note 17)

₹ million

Particulars	Reserves and Surplus				Other Comprehensive Income	Total Other Equity
	Securities Premium Reserve	General Reserve	Employee Stock Options Outstanding	Retained Earnings		
<b>Balance as at 1st April, 2019</b>	<b>4,447.85</b>	<b>59.26</b>	<b>4.89</b>	<b>2,929.48</b>	<b>(9.50)</b>	<b>7,431.98</b>
Profit for the year	-	-	-	936.89	-	936.89
Other comprehensive income for the year (net of tax)	-	-	-	-	3.56	3.56
Deferred Employee Compensation Expense	-	-	3.38	-	-	3.38
Ind AS 116, Leases, impact	-	-	-	(2.18)	-	(2.18)
Dividend paid	-	-	-	(84.11)	-	(84.11)
Tax on dividend	-	-	-	(17.29)	-	(17.29)
<b>Balance as at 31st March, 2020</b>	<b>4,447.85</b>	<b>59.26</b>	<b>8.27</b>	<b>3,762.79</b>	<b>(5.94)</b>	<b>8,272.23</b>
Profit for the year	-	-	-	207.05	-	207.05
Other comprehensive income for the year (net of tax)	-	-	-	-	5.80	5.80
Deferred Employee Compensation Expense	-	-	(0.98)	-	-	(0.98)
Dividend paid	-	-	-	(42.07)	-	(42.07)
<b>Balance as at the 31st March, 2021</b>	<b>4,447.85</b>	<b>59.26</b>	<b>7.29</b>	<b>3,927.77</b>	<b>(0.14)</b>	<b>8,442.03</b>

As per our attached report

#### SHARP & TANNAN

Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

For and on behalf of the Board of Directors

#### Edwin P. Augustine

Partner  
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Managing Director  
DIN: 01127247

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Chief Financial Officer

#### Rachana Sanganeria

Company Secretary & Compliance Officer  
Membership No. ACS10280

Place: Mumbai

Date: 12th June, 2021

Place: Manchar

Date: 12th June, 2021

## Consolidated Statement of Cash Flows

for the year ended 31st March, 2021

₹ million

Particulars	2020-21	2019-20
<b>A. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>407.24</b>	<b>1,269.56</b>
Depreciation and amortisation expense	517.98	536.41
Allowance for doubtful debts and advances (net of recoveries/reversals)	131.29	98.89
Net (gain) / loss on sale/ fair valuation of investments	(6.07)	6.25
ESOS expense	(0.98)	3.38
Finance costs	457.74	381.04
Sundry balances written-back	(24.78)	(5.58)
Loss on sale or death of livestock	16.39	15.21
Fair value change of livestock	(65.68)	(40.00)
Interest income	(20.49)	(25.12)
<b>Operating profit before working capital changes</b>	<b>1,412.64</b>	<b>2,240.04</b>
<b>Adjustments for :</b>		
(Increase)/Decrease in inventories	(618.99)	(1,700.07)
(Increase)/Decrease in trade and other receivables	300.20	(802.55)
(Decrease)/Increase in trade and other payables	120.52	(47.76)
Increase/(Decrease) in provisions	4.85	0.46
<b>Cash generated from operations</b>	<b>1,219.22</b>	<b>(309.88)</b>
Taxes paid (net of refunds)	(219.70)	(354.07)
<b>Net cash generated from/(used in) operating activities</b>	<b>999.52</b>	<b>(663.95)</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Property, plant and equipment	(434.70)	(306.66)
Purchase of intangible assets	(8.85)	(11.50)
Sale of livestock	6.41	2.69
Sale of Property, plant and equipment	6.68	0.58
Maturity / (investment) of fixed deposits	(63.13)	2.08
Investment in mutual funds	(2.68)	(0.01)
Interest received	27.96	17.84
<b>Net cash used in investing activities</b>	<b>(468.31)</b>	<b>(294.98)</b>



## Consolidated Statement of Cash Flows

for the year ended 31st March, 2021

₹ million

Particulars	2020-21	2019-20
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from long-term borrowings	-	73.65
Proceeds / (repayment) short-term borrowings (net)	(40.44)	1,718.22
Repayment of long-term borrowings	(143.84)	(197.35)
Payment of dividend including dividend distribution tax	(42.06)	(101.41)
Interest paid	(459.20)	(383.86)
<b>Net cash flows from/ (used in) financing activities</b>	<b>(685.54)</b>	<b>1,109.25</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(154.33)</b>	<b>150.32</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>223.78</b>	<b>73.46</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>69.45</b>	<b>223.78</b>
<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Cash and cash equivalents include:</b>		
Balance with bank	42.77	203.60
Cash on hand	26.68	20.18
<b>Total</b>	<b>69.45</b>	<b>223.78</b>

### Notes :

- (a) 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 from time to time.
- (b) Additions to property, plant and equipment include movements of capital work-in-progress during the year.
- (c) Non cash movement in borrowings include addition/deletion on account of unrealised foreign exchange loss/(gain) of Rs 4.55 million (31st March, 2020: Rs 30.04 million) in respect of foreign currency loan.
- (d) The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head 'Exchange Fluctuation (net)'.

### Movement:-

₹ million

Particulars	Opening Balance	Cash movement	Foreign exchange changes	Fair value changes	Others	Closing Balance
Long-term borrowing (net)	783.76	(147.66)	(4.55)	3.82	-	635.37
Short-term borrowing (net)	3,215.68	(40.44)	-	-	-	3,175.24
<b>Total</b>	<b>3,999.44</b>	<b>(188.10)</b>	<b>(4.55)</b>	<b>3.82</b>	<b>-</b>	<b>3,810.61</b>

(g) Figures for the previous year have been regrouped wherever necessary.

As per our attached report

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 109982W  
by the hand of

For and on behalf of the Board of Directors

**Edwin P. Augustine**  
Partner  
Membership No. 043385

**Devendra Shah**  
Chairman  
DIN: 01127319

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Shashikant Dalmia**  
Chief Financial Officer

**Rachana Sanganageria**  
Company Secretary & Compliance Officer  
Membership No. ACS10280

Place: Mumbai  
Date: 12th June, 2021

Place: Manchar  
Date: 12th June, 2021

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### 1. Corporate information

The consolidated financial statements comprises financial statements of Parag Milk Foods Limited ("the parent") and its subsidiary Bhagyalaxmi Dairy Farms Pvt Ltd (collectively "the Group").

The parent is a public listed company incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Group is engaged in the business of production and procurement of cow milk mainly in western and southern region, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk, milk powder, flavoured milk, lassi, curd etc. which are marketed under its registered brand name "Gowardhan", "Go", "Pride of Cows", "Topp up" and "Avvatar".

### 2. Basis of preparation

#### A. Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries, being the entities that it controls. Control is evidenced where the group has power over the investee or is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies of the group. For non-wholly owned subsidiaries. A share of the profit/loss for the financial year and net assets is contributed to the non-controlling interests as shown in the consolidated statement of profit and loss

#### B. Statement of compliance

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

The financial statements up to and for the year ended **31st March 2017** were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified

under Section 133 of the Act and other relevant provisions of the Act.

The consolidated financial statements were authorised for issue by the Parent's Board of Directors on 12th June, 2021

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

#### C. Functional and presentation currency

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

#### D. Basis of measurement

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

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

#### E. Current / non-current classification of assets/liabilities

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

#### F. Use of estimates and judgements

In the preparation of the financial statements, the Group makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions,

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

judgements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31st March, 2021 are as below and also been discussed in detail in the relevant section of accounting policies.

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

### G. Measurement of fair values

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

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

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

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

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

- Share-based payments
- Financial instruments.
- Fair valuation of biological assets

### 3. Significant accounting policies

#### a) Property, plant and equipment

##### i. Recognition and measurement

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

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

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

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

##### ii. 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 upto the month proceeding the month of deduction/disposal.

The residual values, useful lives and methods of depreciation of property, plant and equipment are

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

reviewed at each financial year-end and adjusted prospectively, if appropriate.

#### iv. Reclassification to investment property

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

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

#### b) Intangible assets

##### i. Recognition and measurement

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

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

##### ii. Subsequent expenditure

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

##### iii. Amortisation

Amortisation is recognised 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.

#### 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 31st March, 2019 have not been retrospectively adjusted. The Company's lease asset classes primarily consist of leases of land, building and equipment.

At the date of commencement of lease, the Company recognise a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve month or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as operating expense on straight-line basis over the term of lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Right of use of assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the underlying asset. Right of use of assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Lease liability is initially measured at amortized cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re measured with corresponding adjustment to the related right to use of asset if company changes its assessment if whether it will exercise an extension or termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients elected on initial application.

1. Applied a single discount rate to portfolio of leases of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognize right to use of asset and liabilities for leases with less than 12 months



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

of lease term of the date of initial application.

3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17

4. Excluding initial direct costs for the measurement of right to use of asset at the date of initial application.

### d) Biological Asset

Biological Assets i.e. livestock (cows) are measured at fair value less costs to sell, with any change therein recognised in statement of profit and loss.

### e) Impairment

#### i. Financial assets

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

#### ii. Non-financial assets

##### Intangible assets and property, plant and equipment

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

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

### f) Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

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

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

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

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

### g) Financial instruments

#### i. Recognition and initial measurement

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

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

way purchase and sale of financial assets are accounted for at trade date.

### ii. Classification and subsequent measurement Financial Assets

#### Financial assets carried at amortised cost

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

#### Financial assets at fair value through other comprehensive income

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

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

#### Investment in subsidiary

Investment in subsidiary is carried at cost in the standalone financial statements of the Parent

#### Financial assets at fair value through profit or loss

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

#### Financial liabilities

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

### iii. Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset

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

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

#### Financial liabilities

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

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

### iv. Offsetting

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

### h) Revenue recognition

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

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

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

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

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.

### 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

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

to settle such assets and liabilities on a net basis.

#### Presentation of current and deferred tax

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

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

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

### l) Borrowing costs

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

### m) Provisions, contingent liabilities and contingent assets

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

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects when appropriate, the risk specific to the liability. When discounting is used, the increase in provision due to passage of time is recognised as a finance cost.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying the economic benefits or the amount of such

obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which

Likelihood of outflow of resources embodying the economic benefits is remote, no provision or disclosure is made.

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

### n) Employee benefits

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

### o) Share-based payments

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

### p) Cash and cash equivalents

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

### q) Earnings per share

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

### r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or 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

The Ministry of Corporate Affairs ("MCA") vide notification dated 24th March, 2021 amended the Schedule III of the Companies Act, 2013. The amendments related to Division I, II and III of Schedule III and are applicable starting 1st April, 2021. Key amendments relating to Division II which related to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters. Specified format for ageing schedule of trade receivables, trade payables, capital work-in progress and intangible asset under development
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### Statement of Profit and Loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The said amendments will be given effect by the Company for period starting 1st April, 2021.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

Particulars	₹ million										Total	
	Freehold land	Leasehold building improvements	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computer	Right of Use Assets			
<b>Year ended 31st March, 2020</b>												
<b>Gross carrying amount</b>												
Opening gross carrying amount	195.37	40.51	849.21	4,273.70	40.49	27.81	20.60	40.71	-	-	-	5,488.40
Additions during the year	3.73	1.10	41.85	519.53	1.47	27.82	9.16	3.20	156.41	-	-	764.27
Disposals during the year	-	-	-	(0.62)	-	-	-	-	-	-	-	(0.62)
<b>Closing gross carrying amount as at 31st March, 2020</b>	<b>199.10</b>	<b>41.61</b>	<b>891.06</b>	<b>4,792.61</b>	<b>41.96</b>	<b>55.63</b>	<b>29.76</b>	<b>43.91</b>	<b>156.41</b>	<b>156.41</b>	<b>156.41</b>	<b>6,252.05</b>
<b>Accumulated depreciation</b>												
Opening accumulated depreciation	-	31.64	103.40	1,280.90	8.73	10.55	8.00	21.80	-	-	-	1,465.02
Depreciation charge during the year	-	5.91	37.29	428.52	4.23	5.20	4.64	11.93	19.24	-	-	516.96
Disposals during the year	-	-	-	(0.04)	-	-	-	-	-	-	-	(0.04)
<b>Closing accumulated depreciation up to 31st March, 2020</b>	<b>-</b>	<b>37.55</b>	<b>140.69</b>	<b>1,709.38</b>	<b>12.96</b>	<b>15.75</b>	<b>12.64</b>	<b>33.73</b>	<b>19.24</b>	<b>19.24</b>	<b>19.24</b>	<b>1,981.94</b>
<b>Net carrying amount as at 31st March, 2020</b>	<b>199.10</b>	<b>4.06</b>	<b>750.37</b>	<b>3,083.23</b>	<b>29.00</b>	<b>39.88</b>	<b>17.12</b>	<b>10.18</b>	<b>137.17</b>	<b>137.17</b>	<b>137.17</b>	<b>4,270.11</b>
<b>Year ended 31st March, 2021</b>												
<b>Gross carrying amount</b>												
Opening gross carrying amount	199.10	41.61	891.06	4,792.61	41.96	55.63	29.76	43.91	156.41	156.41	156.41	6,252.05
Additions during the year	211.13	-	59.26	269.87	0.42	5.66	1.86	1.02	-	-	-	549.22
Disposals during the year	-	-	-	(6.68)	-	-	-	-	-	-	-	(6.68)
<b>Closing gross carrying amount as at 31st March, 2021</b>	<b>410.23</b>	<b>41.61</b>	<b>950.32</b>	<b>5,055.80</b>	<b>42.38</b>	<b>61.29</b>	<b>31.62</b>	<b>44.93</b>	<b>156.41</b>	<b>156.41</b>	<b>156.41</b>	<b>6,794.59</b>
<b>Accumulated depreciation</b>												
Opening accumulated depreciation	-	37.55	140.69	1,709.38	12.96	15.75	12.64	33.73	19.24	19.24	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	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing accumulated depreciation up to 31st March, 2021</b>	<b>-</b>	<b>38.73</b>	<b>182.77</b>	<b>2,114.35</b>	<b>17.15</b>	<b>23.13</b>	<b>17.46</b>	<b>38.93</b>	<b>51.47</b>	<b>51.47</b>	<b>51.47</b>	<b>2,483.98</b>
<b>Net carrying amount as at 31st March, 2021</b>	<b>410.23</b>	<b>2.88</b>	<b>767.55</b>	<b>2,941.45</b>	<b>25.23</b>	<b>38.16</b>	<b>14.16</b>	<b>6.00</b>	<b>104.94</b>	<b>104.94</b>	<b>104.94</b>	<b>4,310.61</b>

(1) Under the Indian GAAP, the Group was following the accounting treatment as per paragraph 46/46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', with respect to exchange differences arising on restatement of long term foreign currency monetary items. Exchange differences on account of depreciable assets was added/ deducted from the cost of the depreciable asset, which was depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. The Company has opted to apply this exemption and accordingly the Group has adjusted foreign exchange loss of Rs 4.55 million for the year ended 31st March, 2021 (31st March, 2020: loss of Rs 30.04 million) arising on reporting of long term foreign currency monetary item against the historical cost of fixed assets.

(2) For details of assets given as security against borrowings, Refer Note 18 and Note 21.

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

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 5: Other intangible assets

₹ million

Particulars	Computer software	Website Development	Brands / Trade Marks	Total
<b>Year ended 31st March, 2020</b>				
Gross carrying amount				
Opening gross carrying amount	60.48	0.12	4.88	65.48
Additions during the year	2.90	-	8.60	11.50
<b>Closing gross carrying amount as at 31st March, 2020</b>	<b>63.38</b>	<b>0.12</b>	<b>13.48</b>	<b>76.98</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	30.45	0.12	0.45	31.02
Amortisation charge for the year	18.48	-	0.97	19.45
<b>Closing accumulated amortisation up to 31st March, 2020</b>	<b>48.93</b>	<b>0.12</b>	<b>1.42</b>	<b>50.47</b>
<b>Closing net carrying amount as at 31st March, 2020</b>	<b>14.45</b>	<b>-</b>	<b>12.06</b>	<b>26.51</b>
<b>Year ended 31st March, 2021</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	63.38	0.12	13.48	76.98
Additions during the year	8.85	-	-	8.85
<b>Closing gross carrying amount as at 31st March, 2021</b>	<b>72.23</b>	<b>0.12</b>	<b>13.48</b>	<b>85.83</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	48.93	0.12	1.42	50.47
Amortisation charge for the year	14.60	-	1.33	15.93
<b>Closing accumulated depreciation up to 31st March, 2021</b>	<b>63.53</b>	<b>0.12</b>	<b>2.75</b>	<b>66.40</b>
<b>Net carrying amount as at 31st March, 2021</b>	<b>8.70</b>	<b>-</b>	<b>10.73</b>	<b>19.43</b>

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

### Note 6 : Biological asset other than bearer plant - Livestock (Cows)

₹ million

Particulars	As at	As at
	31st March, 2021	31st March, 2020
Balance beginning of the year	359.72	337.62
Less: Decrease due to sale/disposal	(22.80)	(17.90)
Add/(Less): Change in fair value less cost to sell *	65.68	40.00
<b>Fair Value as at the end of the year</b>	<b>402.60</b>	<b>359.72</b>

\* 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 the period ended 31st March, 2021

### Note 7: Investments

₹ million

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Quantity (Nos)	Value	Quantity (Nos)	Value
<b>Unquoted</b>				
<b>Investment in equity instruments (fully paid-up)</b>				
<b>Investment in other entities (fair value through Profit and Loss)</b>				
OPGS Power Gujarat Private Limited	2,18,000	-	2,18,000	-
Rupee Co-Operative Bank Ltd.	3,800	-	3,800	-
<b>Other Investments</b>				
<b>Investment in other entities which are carried at amortised cost</b>				
Sharad Sahakari Bank Ltd.	318	0.02	318	0.02
SVC Bank Ltd	200	0.00	-	-
<b>Investment in mutual fund (fair value through Profit and Loss)</b>				
PFG-Union Balanced Advantage Fund Regular Plan - Growth	4,99,990	6.96	4,99,990	4.77
FSGP-IDBI Banking & Financial	1,00,000	1.22	1,00,000	0.73
<b>Total</b>		<b>8.20</b>		<b>5.52</b>
<b>Total non-current investments</b>				
		<b>8.20</b>	<b>5.52</b>	
Aggregate amount of quoted investments and market value thereof		8.18	5.50	
Aggregate amount of unquoted investments		0.02	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.

### Note 8: Loans - non current

₹ million

Particulars	As at	As at
	31st March, 2021	31st March, 2020
<b>Unsecured considered good</b>		
Security Deposits	4.36	4.32
<b>Total</b>	<b>4.36</b>	<b>4.32</b>

### Note 9: Other financial assets

₹ million

Particulars	As at	As at
	31st March, 2021	31st March, 2020
<b>Unsecured, considered good</b>		
Fixed deposits having original maturity of more than one year	3.33	2.61
Interest Receivable	0.03	-
Other Deposits	117.47	118.47
<b>Total</b>	<b>120.83</b>	<b>121.08</b>



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 10: Other non-current assets

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Unsecured, considered good</b>		
Capital advances	30.77	177.71
Prepaid expenses	8.44	9.40
<b>Total</b>	<b>39.21</b>	<b>187.11</b>

### Note 11: Inventories (At lower of cost and net realisable value)

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw materials	111.22	103.74
Work-in-progress	4,879.23	3,840.44
Finished goods	1,687.80	2,135.16
Packing material	143.91	126.27
Stores and spares	125.69	123.25
<b>Total</b>	<b>6,947.85</b>	<b>6,328.86</b>

Note: For Inventories pledged as securities against borrowings, see note 18 and note 21.

The above includes goods in transit as below:

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Stock in transit - finished goods	18.35	8.17

Note: The cost of inventories recognised as an expense includes ₹ 16.17 million (31st March, 2020: ₹ 12.60 million) in respect of write down of inventories to net realizable value. Further, a sum of ₹ 12.60 million (31st March, 2020: ₹ 0.65 million) in respect of reversal of such write downs. Previous write downs have been reversed as a result of appreciation in market price of such inventories.

### Note 12: Trade receivables

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, Considered good	1,589.48	3,034.79
Unsecured, Considered doubtful	991.59	1,162.68
Less: Allowance for doubtful debts	(991.59)	(1,162.68)
<b>Total</b>	<b>1,589.48</b>	<b>3,034.79</b>

Note:

- No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade and other receivables are due from firms or private companies respectively in which any directors is a partner, a director or a member.
- The Group's exposure to credit and currency risk related to trade receivables are disclosed in Note 38 A and Note 38 C.
- Trade receivables stated above are charged on a first pari-passu basis between working capital consortium members led by Union Bank of India, State Bank of India and IDBI Bank Ltd.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 13: Cash and cash equivalents

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with banks		
in current accounts	17.26	78.34
Short term Bank deposits (Maturity within 3 months)	25.51	125.26
Cash on hand	26.68	20.18
<b>Total</b>	<b>69.45</b>	<b>223.78</b>

### Note 14: Bank balances (other than above)

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Short term Bank deposits (Maturity more than 3 months but less than 12 months)	117.06	54.65
<b>Total</b>	<b>117.06</b>	<b>54.65</b>

### Note 15: Other current assets

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Advances other than Capital advances</b>		
<b>Unsecured, considered good:</b>		
Prepaid expenses	14.55	15.69
Advances and other recoverables	2,324.32	1,202.03
<b>Recoverable from statutory and government authorities</b>		
<b>Unsecured, considered good:</b>		
Electricity duty receivable	22.20	22.20
PSI incentive and export subsidy receivable	647.75	607.04
Milk incentive receivable	86.20	216.51
GST, VAT and Sales tax receivable	39.75	45.44
Interest receivable	0.01	8.61
<b>Unsecured, considered doubtful</b>		
Advances and other recoverables	21.64	21.18
Recoverable from statutory and government authorities	25.24	25.24
Less: Allowances for doubtful advances	(46.88)	(46.42)
Unsecured, considered good:		
Interest receivable	0.07	7.57
<b>Grand Total</b>	<b>3,134.85</b>	<b>2,125.09</b>

### Note 16: Equity share capital

#### (a) Authorised equity share capital

₹ million

Particulars	Number of shares (Nos.)	Face Value	Amount
<b>As at 1st April, 2019</b>	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
<b>As at 31st March, 2020</b>	10,00,00,000	10.00	1,000.00
Change during the year	-	-	-
<b>As at 31st March, 2021</b>	<b>10,00,00,000</b>	<b>10.00</b>	<b>1,000.00</b>

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### (b) Issued, subscribed and fully paid up share capital

₹ million

Particulars	Number of shares (Nos.)	Face Value	Amount
<b>As at 1st April, 2019</b>			
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 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 48)	-	10.00	-
<b>As at 31st March, 2020</b>	<b>8,39,38,567</b>		<b>839.39</b>
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 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 48)	-	10.00	-
<b>As at 31st March, 2021</b>	<b>8,39,38,567</b>	<b>10.00</b>	<b>839.39</b>

### (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 ₹ 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.

### (d) Details of shareholders holding more than 5% shares

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
<b>Equity shares of ₹ 10 each fully paid</b>				
Mr. Devendra Prakash Shah	1,52,06,400	18.12%	1,52,06,400	18.12%
Mr. Pritam Prakash Shah	91,59,888	10.91%	91,59,888	10.91%
Mrs. Netra Pritam Shah	88,67,027	10.56%	88,67,027	10.56%
Stichting Depository APG Emerging Markets Equity Pool	-	0.00%	61,28,938	7.30%
IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	50,42,534	6.01%	50,42,534	6.01%

(e) 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 (31st March, 2020 176,015 nos) of equity shares issued to ESOS Trust.

(f) 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.

(g) The Board of Directors have recommended payment of final dividend of ₹ 0.50 (Fifty Paise only) per equity share of the face value of ₹ 10 each for the financial year ended 31st March, 2021. The total dividend for the year paid is ₹ 0.50 (Fifty Paise only) per equity share of the face value of ₹ 10 each.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 17: Other Equity

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Securities Premium	4,447.85	4,447.85
General Reserve	59.26	59.26
Retained Earnings	3,927.77	3,762.79
Employee Stock Options Outstanding	7.29	8.27
Other Comprehensive Income	(0.14)	(5.94)
<b>Total</b>	<b>8,442.03</b>	<b>8,272.23</b>

**Note: For movements in reserves - refer Statement of Changes in Equity.**

#### 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 payout, 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 invested as on the reporting date and is net of the deferred employee compensation expense.

### Note 18: Borrowings - Non-current

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Measured at amortised cost</b>		
<b>Secured</b>		
<b>Term loans</b>		
From banks		
Rupee currency loan	436.64	395.64
Foreign currency loan	177.10	361.40
Vehicle loan	21.63	25.83
From other than banks		
Vehicle loan	-	0.89
	<b>635.37</b>	<b>783.76</b>
Less: Current maturity	(302.18)	(302.28)
<b>Total</b>	<b>333.19</b>	<b>481.48</b>

#### Note:

- Indian rupee loans taken by the Holding Company from a bank of ₹ 436.64 million (31st March, 2020 : ₹ 395.64 million) carry interest @ 9.15%-10.10%. The loans are repayable over 13-59 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 pasu charge on fixed assets and second pari pasu charge on current assets of the Holding Company and personal guarantee of Promoter Directors.



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

- (b) Foreign currency loan taken by the Holding Company from a financial institution of ₹ 177.10 million (31st March, 2020: ₹ 361.40 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.
- (c) Hire purchase loan taken by the Holding Company from banks of ₹ 21.63 million (31st March, 2020 : ₹ 25.83 million) carries interest @ 9.20% to 9.35% p.a. The loans are repayable in 60 monthly instalments starting from December 2018 and November 2018. The loan is secured by specific assets financed (vehicle).
- (d) Indian rupee loans taken by the Holding Company from financial institutions of ₹ Nil million (31st March, 2020 : ₹ 0.89 million) represents loan secured by hypothecation of equipments and vehicles. The loans are repayable over 36 - 60 instalments and carry interest in the range of 11.72%.
- (e) Average interest rate for the non-current borrowings is 8.34%

### Note 19: Other financial liability

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Lease liability	85.92	112.14
<b>Total</b>	<b>85.92</b>	<b>112.14</b>

### Note 20: Provisions - Non-current

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for compensated absences (refer note 40)	2.95	2.83
Provision for gratuity (net) (refer note 40)	39.05	42.27
<b>Total</b>	<b>42.00</b>	<b>45.10</b>

### Note 21: Borrowings - current

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>Secured</b>		
<b>Loans repayable on demand</b>		
From banks- cash credit	3,175.24	3,167.10
<b>Unsecured</b>		
From banks- cash credit	-	48.58
<b>Total</b>	<b>3,175.24</b>	<b>3,215.68</b>

#### Note:

- (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 fixed assets 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.

### Note 22: Trade payables - current

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) total outstanding dues of micro enterprises and small enterprises; and	8.97	25.41
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	3,032.33	2,915.00
<b>Total</b>	<b>3,041.30</b>	<b>2,940.41</b>

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note : Disclosure under Micro, Small, and Medium Enterprises Development Act, 2006 :

(a) Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues to suppliers which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at 31st March, 2021. The disclosure pursuant to the said Act is as under:

₹ million

Particulars	31st March, 2021 /2020-21	31st March, 2020 /2019-20
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	8.97	17.48
Interest	8.92	7.55
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	35.75	37.73
The amount of interest accrued and remaining unpaid at the end of each accounting year	8.92	7.55
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	8.92	7.55

(b) 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 23: Other current financial liabilities

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long-term debt (refer note 18)	302.18	302.28
Interest accrued but not due on borrowings	12.65	14.11
Deposits	95.34	211.83
Employee related Liabilities	98.17	88.32
Trade payable for capital goods other than payable to Micro and Small Enterprises	86.57	156.81
Directors remuneration payable (refer note 42)	8.05	2.77
Lease liability	26.22	28.14
Book overdrawn balance	-	0.11
<b>Total</b>	<b>629.18</b>	<b>804.26</b>

### Note 24: Other Current Liabilities

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory dues payables	221.68	103.66
Advances from customers	9.51	1.24
<b>Total</b>	<b>231.19</b>	<b>104.90</b>

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 25: Provisions - Current

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for compensated absences (refer note 40)	4.53	4.35
Provision for gratuity (net) (refer note 40)	0.25	0.23
<b>Total</b>	<b>4.78</b>	<b>4.58</b>

### Note 26: Current tax liabilities (net)

₹ million

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current tax liabilities (net)	1.07	79.87
<b>Total</b>	<b>1.07</b>	<b>79.87</b>

### Note 27 : Revenue from Operations

₹ million

Particulars	2020-21	2019-20
<b>A. Sale of Products (excluding GST, as applicable):</b>		
Sale of manufactured goods	16,652.39	22,011.34
Sale of traded goods	1,210.56	1,797.15
Sale of milk products	9.54	113.84
Sales of Cattle Feed	34.03	55.69
Sale of milk - Compost manure	35.26	35.02
	<b>17,941.78</b>	<b>24,013.04</b>
<b>B. Other operating revenues comprise:</b>		
Processing charges	306.41	71.60
Export benefits and incentives	4.32	9.61
PSI incentive	157.19	212.97
Milk incentive	-	63.22
Scrap sale	7.93	8.80
	<b>475.85</b>	<b>366.20</b>
<b>Total (A+B)</b>	<b>18,417.63</b>	<b>24,379.24</b>

#### Note :

- (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 ₹ 157.19 million (31st March, 2020: ₹ 212.97 million) as Other Operating Income in Statement of Profit and Loss.
- (b) The Company has also accounted for Milk subsidy amounting to ₹ Nil million (31st March, 2020: 63.22 million) and export subsidy amounting to ₹ million 4.32 (31st March, 2020: ₹ 9.61 million) as Other Operating Income in Statement of Profit and Loss.

### (c) Revenue from operations- Geographical information

₹ million

Particulars	2020-21	2019-20
Within India	18,090.00	23,996.04
Outside India	327.63	383.20
<b>Total</b>	<b>18,417.63</b>	<b>24,379.24</b>

- (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

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 28: Other income

₹ million

Particulars	2020-21	2019-20
Interest income		
Bank deposits	8.71	13.73
Security deposit	0.68	1.82
Others	11.10	9.57
Foreign exchange fluctuation (net)	9.37	(5.15)
Customer advances written back	24.78	5.58
Net gain / (loss) on sale or fair valuation of investments	2.68	0.21
Fair value changes in Livestock	65.68	40.00
Miscellaneous income	12.09	10.23
<b>Total</b>	<b>135.09</b>	<b>75.99</b>

### Note 29: Cost of materials Consumed

₹ million

Particulars	2020-21	2019-20
<b>Raw material consumed</b>		
Opening Stock	103.74	138.37
Add: Purchases	11,798.36	16,060.35
Add: Purchase of fodder/ generation of raw manure	276.50	313.60
Less: Closing Stock	(111.22)	(103.74)
	<b>12,067.38</b>	<b>16,408.58</b>
<b>Packing materials, stores spares and consumables consumed</b>		
Opening Stock	249.52	258.18
Add: Purchases	1,187.92	1,252.68
Less: Closing Stock	(269.59)	(249.52)
	<b>1,167.85</b>	<b>1,261.34</b>
<b>Total</b>	<b>13,235.23</b>	<b>17,669.92</b>

### Note 30: Purchase of Stock in trade

₹ million

Particulars	2020-21	2019-20
Milk products	975.31	2,220.30
<b>Total</b>	<b>975.31</b>	<b>2,220.30</b>

### Note 31: Changes in inventories of finished goods, stock-in-trade and work-in-progress

₹ million

Particulars	2020-21	2019-20
<b>Inventories - Milk Products</b>		
<b>Opening Stock:</b>		
Finished goods	2,135.16	1,404.10
Work-in progress	3,840.44	2,828.14
	<b>5,975.60</b>	<b>4,232.24</b>
<b>Less:</b>		
<b>Closing Stock:</b>		
Finished goods	1,687.80	2,135.16
Work-in progress	4,879.23	3,840.44
	<b>6,567.03</b>	<b>5,975.60</b>
<b>Changes in inventories:</b>		
Finished goods	447.36	(731.06)
Work-in progress	(1,038.79)	(1,012.30)
	<b>(591.43)</b>	<b>(1,743.36)</b>



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 32: Employee benefits expense

₹ million

Particulars	2020-21	2019-20
Salaries and wages	697.90	853.36
Contributions to provident and other funds (refer note 40)	33.08	42.21
Gratuity (refer note 40)	11.54	12.71
Staff welfare expenses	40.43	49.38
Share-based Payments to employees (refer note 48)	(0.98)	3.38
<b>Total</b>	<b>781.97</b>	<b>961.04</b>

### Note 33: Finance costs

₹ million

Particulars	2020-21	2019-20
Interest on debts and borrowings	447.12	357.52
Other Borrowing Cost	10.62	23.52
<b>Total</b>	<b>457.74</b>	<b>381.04</b>

### Note 34: Depreciation and amortisation expenses

₹ million

Particulars	2020-21	2019-20
Depreciation of property, plant and equipment	469.82	497.72
Amortisation of intangible assets	15.93	19.45
Depreciation of Right of use assets	32.23	19.24
<b>Total</b>	<b>517.98</b>	<b>536.41</b>

### Note 35: Other expenses

₹ million

Particulars	2020-21	2019-20
Transport, octroi and freight	689.03	848.47
Power and fuel	381.25	358.02
Rent (refer note 43)	166.79	109.42
Rates and taxes	91.76	90.44
Insurance	27.40	12.17
<b>Repairs and maintenance</b>		
- plant and equipments	61.34	70.91
- building	7.29	6.06
- others	11.76	10.63
Other factory expenses	120.41	193.81
labour charges	197.80	202.80
Security charges	17.12	20.11
Travelling and conveyance	22.18	55.32
Legal and professional fees (refer note 42)	139.94	144.41
Sales promotion, commission and advertisement	393.39	576.58
Allowance for doubtful debts and advances (net)	131.29	98.89
CSR expenses (refer Note 47)	40.56	10.78
Miscellaneous expenses	249.28	332.74
Hire charges	3.70	3.55
Loss on sale or death of livestock	16.39	15.21
<b>Total</b>	<b>2,768.68</b>	<b>3,160.32</b>

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### # Details of payments to auditors

₹ million

Particulars	2020-21	2019-20
<b>Payment to the auditors (included in miscellaneous expenses)</b>		
<b>Auditors remuneration (excluding taxes):</b>		
Audit fees	3.17	4.36
Other services	0.53	0.75
Certification work	-	-
Re-imbusement of expenses	-	0.02
<b>Total</b>	<b>3.70</b>	<b>5.13</b>

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 36: Disclosure pursuant to Indian Accounting Standard (Ind AS) 12, Income Taxes

(a) The major components of recognised deferred tax assets/(liabilities) arising on account of temporary differences are as follows:

Particulars	For the year ended 31st March, 2021			Net balance 1st April, 2020	Recognised in profit or loss	Recognised in OCI	Net balance 31st March, 2021
	Net balance 1st April, 2020	Recognised in profit or loss	Recognised in OCI				
<b>Deferred tax liabilities</b>							
Property, plant and equipment and Intangible assets	351.56	(106.51)	-	351.56			245.05
Fair value of livestock	27.63	18.27	-	27.63			45.90
Others	11.72	(11.72)	-	11.72			-
<b>Sub-Total</b>	<b>390.91</b>	<b>(99.96)</b>	-	<b>390.91</b>			<b>290.95</b>
<b>Deferred tax assets</b>							
Expected credit loss on financial assets	423.93	(162.00)	-	423.93			261.93
Ind AS 116	1.04	(1.04)	-	1.04			-
Expenses allowed on payment basis	17.38	(2.50)	1.89	17.38		1.89	16.77
Unabsorbed losses	11.58	23.24	-	11.58			34.82
<b>Sub-Total</b>	<b>453.93</b>	<b>(142.30)</b>	<b>1.89</b>	<b>453.93</b>	<b>(142.30)</b>	<b>1.89</b>	<b>313.52</b>
<b>Minimum Alternate Tax (MAT) credit</b>							
Recognised	25.24	(16.95)	-	25.24			8.29
<b>Sub-Total</b>	<b>25.24</b>	<b>(16.95)</b>	-	<b>25.24</b>	<b>(16.95)</b>	-	<b>8.29</b>
<b>Net Deferred tax assets/(liabilities)</b>	<b>88.26</b>	<b>(59.29)</b>	<b>1.89</b>	<b>88.26</b>	<b>(59.29)</b>	<b>1.89</b>	<b>30.86</b>
<b>For the year ended 31st March, 2020</b>							
<b>Particulars</b>	<b>Net balance 1st April, 2019</b>	<b>Recognised in profit or loss</b>	<b>Recognised in OCI</b>	<b>Net balance 31st March, 2020</b>			
<b>Deferred tax liabilities</b>							
Property, plant and equipment and Intangible assets	294.76	56.80	-	294.76			351.56
Fair value of livestock	27.63	-	-	27.63			27.63
Others	10.62	1.10	-	10.62			11.72
<b>Sub-Total</b>	<b>333.01</b>	<b>57.90</b>	-	<b>333.01</b>			<b>390.91</b>
<b>Deferred tax assets</b>							
Expected credit loss on financial assets	389.64	34.29	-	389.64			423.93
Ind AS 116	-	0.50	0.54	-		0.54	1.04
Expenses allowed on payment basis	18.93	0.36	(1.91)	18.93		(1.91)	17.38
Unabsorbed losses	12.04	(0.46)	-	12.04			11.58
<b>Sub-Total</b>	<b>420.61</b>	<b>34.69</b>	<b>(1.37)</b>	<b>420.61</b>	<b>(1.37)</b>		<b>453.93</b>
<b>Minimum Alternate Tax (MAT) credit</b>							
Recognised	79.09	(53.85)	-	79.09			25.24
<b>Sub-Total</b>	<b>79.09</b>	<b>(53.85)</b>	-	<b>79.09</b>	<b>(53.85)</b>	-	<b>25.24</b>
<b>Net Deferred tax assets/(liabilities)</b>	<b>166.69</b>	<b>(77.06)</b>	<b>(1.37)</b>	<b>166.69</b>	<b>(77.06)</b>	<b>(1.37)</b>	<b>88.26</b>

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 36: Disclosure pursuant to Indian Accounting Standard (Ind AS) 12, Income Taxes (contd..)

Particulars	For the period ended 31st March, 2021		For the period ended 31st March, 2020	
	For the period ended 31st March, 2021	For the period ended 31st March, 2020	For the period ended 31st March, 2021	For the period ended 31st March, 2020
<b>(b) Income tax expense</b>				
Current tax				
Current tax on profits for the year	61.12	297.88		
Adjustments for current tax of prior periods	75.57	(42.26)		
<b>Total</b>	<b>136.69</b>	<b>255.62</b>		
Deferred tax				
Deferred tax charge/(credit)	9.66	23.21		
MAT Credit entitlement	53.85	53.85		
<b>Total</b>	<b>63.50</b>	<b>77.06</b>		
<b>Income tax expense</b>	<b>200.19</b>	<b>332.68</b>		

### (c) Reconciliation of effective tax rate:

Particulars	For the period ended 31st March, 2021		For the period ended 31st March, 2020	
	2020-2021	2019-2020	2020-2021	2019-2020
Profit before tax	407.24	1,269.56		
Applicable tax rate*	25.17%	34.61%		
<b>Expected income tax expense</b>	<b>102.49</b>	<b>439.37</b>		
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:</b>				
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		
<b>Income tax expense</b>	<b>200.28</b>	<b>332.67</b>		
<b>Effective tax rate</b>	<b>49.18%</b>	<b>26.20%</b>		

\* 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 31st March, 2021.

### (d) Amounts recognised in Other comprehensive income

Particulars	2020-2021			2019-2020		
	Before tax	Tax exp. (benefit)	Net of tax	Before tax	Tax exp. (benefit)	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of the defined benefit plans	7.75	(1.95)	5.80	5.47	(1.91)	3.56

### Note 37: 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.



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### 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 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.

₹ million

As at 31st March 2021	Carrying amount			Fair value			Total
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>							
<b>Other non-current financial assets</b>							
Investments - mutual funds	8.18	-	8.18	8.18	-	-	8.18
Investments - Others	0.02	-	0.02	-	-	0.02	0.02
<b>Others</b>							
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	-	-	-	-
<b>Total</b>	<b>8.20</b>	<b>1,901.18</b>	<b>1,909.38</b>	<b>8.18</b>	<b>-</b>	<b>0.02</b>	<b>8.20</b>
<b>Financial liabilities</b>							
Borrowings - non-current	-	333.19	333.19	-	-	-	-
Borrowings - current	-	3,175.24	3,175.24	-	-	-	-
Trade payables	-	3,041.30	3,041.30	-	-	-	-
Current maturities of long term borrowings	-	302.18	302.18	-	-	-	-
Other financial liabilities	-	327.00	327.00	-	-	-	-
<b>Total</b>	<b>-</b>	<b>7,178.91</b>	<b>7,178.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

₹ million

As at 31st March 2020	Carrying amount			Fair value			Total
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>							
<b>Other non-current financial assets</b>							
Investments - mutual funds	5.50	-	5.50	5.50	-	-	5.50
Investments - Others	0.02	-	0.02	-	-	0.02	0.02
<b>Others</b>							
Loans	-	4.32	4.32	-	-	-	-
Other financial assets (non current)	-	121.08	121.08	-	-	-	-
Trade receivable	-	3,034.79	3,034.79	-	-	-	-
Cash and cash equivalents	-	223.78	223.78	-	-	-	-
Other bank balance	-	54.65	54.65	-	-	-	-
<b>Total</b>	<b>5.52</b>	<b>3,438.62</b>	<b>3,444.14</b>	<b>5.50</b>	<b>-</b>	<b>0.02</b>	<b>5.52</b>
<b>Financial liabilities</b>							
Borrowings - non-current	-	481.48	481.48	-	-	-	-
Borrowings - current	-	3,215.68	3,215.68	-	-	-	-
Trade payables	-	2,940.41	2,940.41	-	-	-	-
Current maturities of long term borrowings	-	302.28	302.28	-	-	-	-
Other financial liabilities	-	501.98	501.98	-	-	-	-
<b>Total</b>	<b>-</b>	<b>7,441.83</b>	<b>7,441.83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Note 38: Financial Risk Management

#### Risk management framework

The Group has in place a mechanism to inform the Board about the risk assessment and 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.

#### (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

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

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:

₹ million

Particulars	31st March, 2021	31st March, 2020
Outstanding for a period not exceeding six months	1,500.20	2,946.26
Outstanding for a period exceeding six months	1,080.87	1,251.21
<b>Gross trade receivables</b>	<b>2,581.07</b>	<b>4,197.47</b>
Less: Provision for doubtful debts	(991.59)	(1,162.68)
<b>Net trade receivables</b>	<b>1,589.48</b>	<b>3,034.79</b>

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 in ₹ million
<b>Balance as at 1st April, 2019</b>	<b>1,065.89</b>
Less: Write-off of bad debts	-
Add: Impairment loss recognised	96.79
<b>Balance as at 31st March, 2020</b>	<b>1,162.68</b>
Less: Write-off of bad debts	(297.36)
Add: Impairment loss recognised	126.27
<b>Balance as at 31st March, 2021</b>	<b>991.59</b>

### (B) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft/ cash credit facility. The group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities. The group has access to a sufficient sources of short term funding with existing lenders that could be arranged upon should there be need.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### (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.

₹ million

Contractual maturities of financial liabilities 31st March, 2021	Carrying value	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings - non-current	635.37	302.18	130.93	136.30	569.41
Borrowings - current	3,175.24	3,175.24	-	-	3,175.24
Trade payables	3,041.30	3,041.30	-	-	3,041.30
Lease rent payable	112.14	26.22	29.33	56.59	112.14
Other financial liabilities	300.78	300.78	-	-	300.78
<b>Total</b>	<b>7,264.83</b>	<b>6,845.72</b>	<b>160.26</b>	<b>192.89</b>	<b>7,198.87</b>

₹ million

Contractual maturities of financial liabilities 31st March, 2020	Carrying value	1 year or less	1-2 years	2- 5 years	Total
<b>Non-derivatives financial liabilities</b>					
Borrowings - non-current	783.76	272.96	302.18	208.62	783.76
Borrowings - current	3,215.68	3,215.68	-	-	3,215.68
Trade payables	2,940.41	2,940.41	-	-	2,940.41
Lease rent payable	140.29	28.14	26.22	85.93	140.29
Other financial liabilities	473.84	473.84	-	-	473.84
<b>Total</b>	<b>7,553.98</b>	<b>6,931.03</b>	<b>328.40</b>	<b>294.55</b>	<b>7,553.98</b>

### (C) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The group is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

#### (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 31st March, 2021.



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### (a) The group unhedged exposure to foreign currency risk are as follows

₹ million

Sr no	Particulars	Currency	As at 31st March 2021		As at 31st March 2020	
			INR	Foreign currency	INR	Foreign currency
<b>A</b>	<b>Financial assets</b>					
(i)	Trade receivables	USD	34.19	0.47	11.17	0.15
<b>B</b>	<b>Financial liabilities</b>					
(i)	Foreign currency loan					
	Bank loan	USD	177.10	2.41	361.40	4.79
	Interest payable	USD	2.32	0.03	6.11	0.08
(ii)	Trade payables	USD	0.08	0.00	8.74	0.12
		EURO	10.08	0.12	39.11	0.47
		AUD	2.50	0.05	1.50	0.03
		GBP	0.07	0.00	0.06	0.00

### (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.

	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
<b>31st March, 2021</b>				
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)
<b>31st March, 2020</b>				
Effect in INR				
1% movement				
USD	3.65	(3.65)	3.65	(3.65)
EUR	0.39	(0.39)	0.39	(0.39)
AUD	0.01	(0.01)	0.01	(0.01)
GBP	0.00	(0.00)	0.00	(0.00)

### (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.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### (a) Interest rate risk exposure

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interestbearing financial instruments as reported to the management of the Company is as follows.

₹ million

Particulars	As at	
	31st March 2021	31st March 2020
<b>Fixed rate instruments and variable rate instruments</b>		
<b>Financial assets</b>		
Bank deposits	145.90	182.52
<b>Total</b>	<b>145.90</b>	<b>182.52</b>
<b>Financial liabilities</b>		
Non-current borrowings	333.19	481.48
Current maturities of non-current borrowings	302.18	302.28
Current borrowings	3175.24	3215.68
<b>Total</b>	<b>3810.61</b>	<b>3999.44</b>

### (b) Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

₹ million

Particulars	Impact on profit / (loss) - Increase / (Decrease) in profit	
	31st March, 2021	31st March, 2020
Interest rates – increase by 100 basis points *	(37.88)	(39.23)
Interest rates – decrease by 100 basis points *	37.88	39.23

\* 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.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

The Group's adjusted net debt to equity ratio at 31st March, 2021 was as follows.

Particulars	₹ million	
	31st March, 2021	31st March, 2020
<b>Borrowings</b>		
Long term and Short term borrowings	3,508.43	3,697.16
Current maturities of Long term borrowings	302.18	302.28
Less: cash and cash equivalents	(215.35)	(406.30)
<b>Adjusted net debt</b>	<b>3,595.26</b>	<b>3,593.14</b>
Total Equity	9,281.42	9,111.62
<b>Adjusted net equity</b>	<b>9,281.42</b>	<b>9,111.62</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.39</b>	<b>0.39</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year.

### Note 40: Disclosure pursuant to India Accounting Standard (Ins AS) 19, Employee Benefits

#### A. Defined contribution plan

The Group has recognised an amount of ₹ 33.10 million as expenses under the Defined Contribution Plans in the Statement of Profit & Loss as below:

Benefit/Contribution to	₹ million	
	2020-21	2019-20
Provident Fund	27.87	35.05
National Pension Scheme	0.60	0.98
Employees State Insurance	4.61	6.16
Labour Welfare Fund	0.02	0.03
<b>Total</b>	<b>33.10</b>	<b>42.22</b>

#### B. Defined Benefit Plan- Gratuity

The holding company and its Indian subsidiary has an obligation towards gratuity, a defined benefit obligation. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The holding Company gratuity plan is funded with an Insurance company, whereas that of subsidiary is unfunded.

The actuarial valuation of the defined benefit obligation was carried out at the balance sheet date. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

These plans typically expose the Group to actuarial risks such as: 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.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

Based on the actuarial valuation obtained in respect of gratuity, the following table sets out the details of the employee benefit obligation as at balance sheet date:

Defined benefit plans	₹ million	
	2020-21	2019-20
<b>I Expenses recognised in statement of profit and loss during the year:</b>		
Current Service Cost	9.21	10.37
Past Service Cost	-	-
Interest cost on benefit obligation	(1.30)	(1.33)
Expected return on plan assets	3.63	3.66
<b>Total Expenses</b>	<b>11.54</b>	<b>12.70</b>
<b>II Expenses recognised in OCI</b>		
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	-	0.10
Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO	-	2.16
Actuarial (Gain)/ Losses due to Experience on DBO	(8.02)	(8.05)
Return on Plan Assets (Greater) / Less than Discount rate	0.20	0.32
<b>Total Expenses</b>	<b>(7.82)</b>	<b>(5.47)</b>
<b>III Net Asset / (Liability) recognised as at balance sheet date:</b>		
Present value of defined benefit obligation	(65.14)	(64.64)
Fair Value of Plan Assets	25.84	22.14
Funded status [Surplus/(Deficit)]	<b>(39.30)</b>	<b>(42.50)</b>
<b>IV Movements in present value of defined benefit obligation</b>		
Present value of defined benefit obligation at the beginning of the year	64.64	55.41
Current Service Cost	9.21	9.92
Past service cost	-	-
Interest Cost	3.74	3.56
Actuarial (Gain)/Loss	(7.94)	(5.99)
Benefits paid	(4.50)	(2.04)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>65.15</b>	<b>60.86</b>
<b>V Movements in fair value of the plan assets</b>		
Opening fair value of plan assets	22.13	20.04
Expected returns on Plan Assets	1.42	1.44
Actuarial (Gain)/Loss on Plan assets	(0.20)	(0.36)
Contribution from Employer	6.99	2.99
Benefits paid	(4.50)	(1.98)
<b>Closing fair value of the plan asset</b>	<b>25.84</b>	<b>22.13</b>
<b>VI Maturity profile of defined benefit obligation</b>		
Within the next 12 months (next annual reporting period)	12.00	12.37
Between 1 to 5 years	34.04	33.43
Between 6 to 10 years	24.12	23.95
Over 10 years	-	-
<b>VII Quantitative sensitivity analysis for significant assumptions is as below:</b>		
Increase/(decrease) on present value of defined benefit obligation at the end of the year		
(i) +100 basis points increase in discount rate	(0.11)	1.72
(i) -100 basis points decrease in discount rate	0.12	(1.98)
(iii) +100 basis points increase in rate of salary increase	0.12	2.08
(iv) -100 basis points decrease in rate of salary increase	(0.11)	(1.81)



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### 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)	2020-21	2019-20
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 ₹ 11.75 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 6.48 years.

### C Annual Leave and Sick Leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended 31st March, 2021 based on actuarial valuation carried out by using Projected Unit Credit method resulted in decreased in liability by ₹ 0.06 million. (Previous Year- increased by ₹ 0.06 million)

Financial Assumptions	2020-21	2019-20
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	2020-21	2019-20
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

for the period ended 31st March, 2021

### Note 41: Contingent liabilities and Commitments

₹ million

Sr no	Particulars	As at 31st March, 2021	As at 31st March, 2020
<b>(A) Contingent liabilities</b>			
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.	63.40	58.70
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 Rs 20.37 Million	70.68	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	1.12
f)	Income tax matter under litigation for the AY 2013-14 to AY 2019-20	38.82	11.83
g)	Corporate Guarantee given by the Company for Loan taken by suppliers from Bank	200.00	200.00
<b>(B) Commitments</b>			
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	80.43	378.5

#### 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.

### Note 42: Disclosure pursuant to Indian Accounting Standard (Ind AS) 24, Related Party Disclosures

#### Details of related parties:

Description of relationship	Name of the related parties
<b>Key Management Personnel (KMP) of Holding Company</b>	Mr. Devendra Shah – Chairman
	Mr. Pritam Shah – Director
	Mr. Venkat Shankar - CEO (till 29th June, 2020)
	Mr. Shashikant Dalmia - CFO (w.e.f. 2nd Aug, 2019)
	Mr. Vimal Agarwal - CFO (till 19th July, 2019)
	Mr. Nitin R. Dhavalikar - Director
	Ms. Radhika Dudhat - Director
	Mr. Narendra Ambwani - Director
	Mr. Ramesh Chandak - Director
	Mr. B. M. Vyas - Director
	Mr. Sunil Goyal - Director (till 25th May, 2020)

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

Description of relationship	Name of the related parties
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

### Details of related party transactions For the year ended on 31st March, 2021:

₹ million

Particulars	2020-21	2019-20
<b>Remuneration to Key Management Personnel and their relatives *</b>		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Venkat Shankar	4.87	14.92
Vimal Agarwal	-	5.69
Shashikant Dalmia	7.09	4.60
Rachana Sanganeria	2.37	2.05
Akshali Shah	3.48	3.48
Poojan Shah	0.56	0.56
Stavan Shah	0.09	-
Netra Shah	0.56	0.56
<b>Rent Payment</b>		
Devendra Shah	3.24	3.37
Pritam Shah	0.30	0.43
Priti Shah	0.24	0.37
Netra Shah	0.24	0.37
<b>Consultancy fee including out of pocket expenses</b>		
B.M. Vyas	8.40	8.40
SBM Advisors LLP	-	0.91
<b>Reimbursement of expenses KMP</b>		
Devendra Shah	0.23	-
<b>Director sitting fees</b>		
Nitin R. Dhavalikar	1.10	1.10
Radhika Dudhat	0.70	0.70
Narendra Ambwani	0.90	0.80
Ramesh Chandak	1.00	1.10
<b>Loan repaid to</b>		
Devendra Shah	-	45.00

The remuneration to the key managerial personnel and their relatives (if any) comprises of only short term benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Details of balances outstanding as at 31st March, 2021 for related party transactions

₹ million

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Amount Payable to</b>		
Devendra Shah	4.27	1.64
Pritam Shah	3.94	1.26
Venkat Shankar	-	3.56
Shashikant Dalmia	0.66	1.03
Rachana Sanganeria	0.20	0.20
B.M. Vyas	1.54	0.75
Akshali Shah	0.29	0.29
Poojan Shah	0.05	0.05
Netra Shah	0.99	1.14
Priti Shah	0.71	0.49
Stavan Shah	0.05	-
Parag Shah	0.26	0.26
<b>Personal guarantee issued by</b>		
Devendra Shah, Pritam Shah, Parag Shah, Prakash Shah, Netra Shah and Priti Shah	6,620.86	5,779.70

### 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.

₹ million

Carrying Value	2020-21	2019-20
Opening Balance	156.41	-
Additions	-	156.41
Disposal / derecognized during the year	-	-
<b>Closing Balance</b>	<b>156.41</b>	<b>156.41</b>

₹ million

Accumulated depreciation	2020-21	2019-20
Opening Balance	19.24	-
Additions	32.23	19.24
Disposal / derecognized during the year	-	-
<b>Closing Balance</b>	<b>51.47</b>	<b>19.24</b>



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### B. Lease Liabilities

₹ million

Particulars	2020-21	2019-20
Opening Balance	140.28	-
Addition	-	156.41
Accredition of interest	13.97	5.38
Payments	42.11	21.51
<b>Total</b>	<b>112.14</b>	<b>140.28</b>

₹ million

Lease liabilities	2020-21	2019-20
<b>Lease rentals due</b>		
Current	26.22	28.14
Non - Current	85.92	112.14
<b>Total</b>	<b>112.14</b>	<b>140.28</b>

### C. Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below: (Lease liabilities)

₹ million

Lease liabilities	2020-21	2019-20
<b>Lease rentals due</b>		
Not later than one year	37.28	42.11
Later than one year and not later than five years	99.54	136.82
<b>Total</b>	<b>136.82</b>	<b>178.93</b>

### D. Amounts to be recognised in Statement of Profit and Loss for the year ended 31st March, 2021

₹ million

Lease liabilities	2020-21	2019-20
Depreciation expense of Right-of-Use assets	32.23	19.24
Interest expense on lease liabilities	13.97	5.38
<b>Total</b>	<b>46.20</b>	<b>24.62</b>

### Note 44: Disclosure pursuant to Indian Accounting Standard (Ind AS) 33, Earnings Per Share

Particulars	2020-21	2019-20
Profit/(Loss) attributable to Equity shareholders (₹ in Million)(A)	207.05	936.89
Weighted average number of Equity shares (Nos) for basic EPS (B)	8,39,38,567	8,39,38,567
Effect of Dilution :		
Weighted average number of Treasury shares held through ESOP Trust	1,76,015	1,76,015
Weighted average number of Equity shares (Nos) adjusted for the effect of dilution ( C )	8,41,14,582	8,41,14,582
Basic EPS (Amount in ₹) (A/B) (₹)	2.47	11.16
Diluted EPS*(Amount in ₹) (A/C) (₹)	2.46	11.14

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 Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 45: Disclosure pursuant to Indian Accounting Standard (Ind AS) 108, Operating Segments,

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:

Particulars	2020-21	2019-20
Revenue from operations		
Within India	18,090.00	23,996.04
Outside India	327.63	383.20
<b>Total</b>	<b>18,417.63</b>	<b>24,379.24</b>

### Non-current operating assets

All non-current assets other than financial instruments, deferred tax assets of the group are located in India

The group does not have revenues from transactions with a single external customer amount to 10 per cent or more of the total revenues.

### Note 46 : 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 31st March 2021 (Heads)	As at 31st March 2020 (Heads)
Immature cows	1015	896
Mature cows	1171	1132
Other cows	208	229
<b>Total</b>	<b>2394</b>	<b>2257</b>
<b>Total milk production(In Ltrs)</b>	<b>79,25,877</b>	<b>78,19,877</b>

The subsidiary Company is exposed to fair value risks arising from changes in price of raw milk. The Subsidiary Company does not anticipate that the price of the raw milk will further decline significantly in the foreseeable future and the Company is of the view that there is no available derivative or other contracts which the Company can enter into to manage the risk of a decline in the price of the raw milk.

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### B FAIR VALUE MEASUREMENTS

#### Fair Value Hierarchy

₹ million

Particulars	As at 31st March 2021	As at 31st March 2020	Fair Value Hierarchy
Livestock (Cow)	402.60	359.72	Level 3

Valuation Technique used in the Fair Value Measurement

Particulars	Valuation Technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Livestock (Milking cows)	The fair values of dairy cows is determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such dairy cows.	<ul style="list-style-type: none"> <li>Estimated feeding cost/ milking cow</li> <li>Estimated milk yield/ milking cow</li> <li>Estimated weighted average selling price of milk / Litre</li> <li>Discount rate</li> </ul>	<ul style="list-style-type: none"> <li>Estimated feeding cost/ milking cow increase by 1% would reduce the fair valuation by ₹ 24.13 Mn and ₹ 23.93 Mn as of 31st March, 2021 and 2020.</li> <li>Estimated milk yield/ milking cow increase by 1% would increase the fair valuation by ₹ 15.16 Mn and ₹ 13.97 Mn as of 31st March, 2021 and 2020.</li> <li>Estimated weighted average selling price of milk / Litre increase by ₹ 1/ litre would increase the fair valuation by ₹ 21.96 Mn and ₹ 21.09 Mn as of 31st March, 2021 and 2020.</li> <li>Discount rate increase by 1% would reduce the fair valuation by ₹ 18.30 Mn and ₹ 12.73 Mn as of 31st March, 2021 and 2020.</li> </ul>

#### The Group is exposed to a number of risks relating to its agricultural activities:

- Regulatory and environmental

The Group is subject to various local laws and regulations, and it has established policies and procedures aimed at ensuring compliance with the same.

- Supply and demand

The Group is exposed to the risk arising from fluctuations in milk prices. The Company does not anticipate that the price of the raw milk will decline significantly in the foreseeable future. Further, there are no available derivatives or other contracts available in the market for managing such risk.

- Climate and other risks

The subsidiary Company's livestock is exposed to risk of adverse climatic conditions and diseases etc. The Company has extensive processes in place to address the risk by having an in-house veterinary doctor and dispensary, regular health checkups of livestock cattle. The Company also has taken an insurance cover for its livestock.

#### Note 47 : Disclosure on CSR Expense

₹ million

Particulars	2020-21	2019-20
a) Gross amount required to be spent by the Group during the period.	29.82	25.66
b) Amount spent during the year on:		
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above		
In Cash	40.56	10.78
Yet To be Paid in Cash	-	14.88

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

#### Note 48: 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 27 February, 2015 and 21 April, 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 3 April, 2015 and 16 May, 2015.

Pursuant to the above scheme, the Board of Directors vide its circular resolution dated 3 September, 2015, approved grant of 227,000 stock options to its employees on 4 September, 2015.

The Company has in its Board Meeting dated 01 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 31 October, 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 ₹ 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	₹ 258.90
Fair value using Black Scholes model on grant date	₹ 71.14
Date of grant	01-Nov-18

The details of activity under ESOS 2018 are summarized below:

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	1,15,765	258.90	1,66,015	258.90
Granted during the year	-	-	-	-
Forfeited / Lapsed during the year	13,726	258.90	50,250	258.90
Exercised during the year	-	-	-	-
Outstanding at the end of the year:	1,02,039	258.90	1,15,765	258.90
of which Options vested and exercisable at the end of the year	-	-	-	-



## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

Particulars	₹ million	
	As as 31st March 2021	As as 31st March 2020
Dividend yield (%)		
Expected volatility	34.95%	34.95%
Risk-free interest rate	7.40%	7.40%
Weighted average share price	258.90	258.90
Exercise price (₹)	258.90	258.90
Expected life of options granted in years	2	2
Life of option remaining in months	0	7

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	₹ million	
	2020-21	2019-20
Employee option Plans	(0.98)	3.38

### Note 49 : 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 (₹ in million)	As % of consolidated net assets	Amount (₹ in million)	As % of consolidated net assets	Amount (₹ in million)	As % of consolidated net assets	Amount (₹ in million)
<b>Holding</b>								
Parag Milk Foods Ltd	99.10%	9,198.11	84.29%	174.53	98.38%	5.71	84.68%	180.24
<b>Sub-total</b>	<b>99.10%</b>	<b>9,198.11</b>	<b>84.29%</b>	<b>174.53</b>	<b>98.38%</b>	<b>5.71</b>	<b>84.68%</b>	<b>180.24</b>
<b>Subsidiary (Indian)</b>								
Bhagyalaxmi Dairy Farm Private Limited	0.90%	83.31	15.71%	32.52	1.62%	0.09	15.32%	32.61
<b>Sub-total</b>	<b>0.90%</b>	<b>83.31</b>	<b>15.71%</b>	<b>32.52</b>	<b>1.62%</b>	<b>0.09</b>	<b>15.32%</b>	<b>32.61</b>
<b>Total</b>	<b>100.00%</b>	<b>9,281.42</b>	<b>100.00%</b>	<b>207.05</b>	<b>100.00%</b>	<b>5.80</b>	<b>100.00%</b>	<b>212.85</b>
<b>Consolidated Net Assets/ Loss after tax</b>		<b>9,281.42</b>		<b>207.05</b>		<b>5.80</b>		<b>212.85</b>

## Notes to Consolidated Financial Statements

for the period ended 31st March, 2021

### Note 50: 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 31st March, 2021	Proportion of direct ownership as on 31st March, 2020
Bhagyalaxmi Dairy Farm Private Limited	India	100%	100%

### Note 51:

The Code on Social Security, 2020 ('Code') received the Indian Parliament approval and Presidential assent in September 2020. The Code once made effective would impact the employee benefits during employment as well as post employment benefits. The implementation of the Code has been deferred by the Central Government on 30th March, 2021 and the date from which the code will be effective is yet to be notified. The impact assessment of the Code will be done by the Company once the same is made is effective.

### Note 52 :

Based on its initial assessment, the Management does not expect any significant impact on the business of the Group due to the COVID-19 pandemic. The Group has evaluated the possible effects of COVID-19 on the carrying amounts of property, plant and equipment, inventory and trade receivables basis the internal and external sources of information and determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to the above, and the Group's operating efficiency and gradually improving liquidity position, there is no material uncertainty in meeting the financial obligations over the foreseeable future.

### Note 53:

Previous year figures have been regrouped/reclassified wherever necessary.

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

For and on behalf of the Board of Directors

**Devendra Shah**  
Chairman  
DIN: 01127319

**Pritam Shah**  
Managing Director  
DIN: 01127247

**Shashikant Dalmia**  
Chief Financial Officer

**Rachana Sanganerla**  
Company Secretary & Compliance Officer  
Membership No. ACS10280

Place: Mumbai  
Date: 12th June, 2021

Place: Manchar  
Date: 12th June, 2021



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# PARAG MILK FOODS LIMITED

CIN: L15204PN1992PLC070209

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

Website: www.paragmilkfoods.com,

Email- investors@parag.com

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

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the Twenty Ninth Annual General Meeting (“AGM”) of the Members of Parag Milk Foods Limited (the “Company”) will be held on **Wednesday, September 15, 2021 at 4.00 P.M.** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business.

### ORDINARY BUSINESS:

#### Item No. 1 – Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements (including the Audited Consolidated Financial Statements) of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and the Auditors thereon.

#### Item No. 2 – Declaration of Dividend

To declare Final Dividend on equity shares at the rate of ₹ 0.50/- per equity share for the financial year ended March 31, 2021.

#### Item No. 3 – Appointment of Mr. Devendra Shah as a director liable to retire by rotation

To appoint a Director in place of Mr. Devendra Prakash Shah (DIN: 01127319), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### Item No. 4 – Ratification of Remuneration to Cost Auditors

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

“**RESOLVED** that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of Rs. 1,00,000/- per annum (Rupees One Lakh Only) plus taxes as applicable and re-imbursement of out of pocket expenses incurred in connection with the audit, payable to M/s. Harshad S. Deshpande & Associates,

Pune, Cost Accountants (Firm Registration No.00378), who have been appointed by the Board of Directors as the Cost Auditors to conduct audit of cost records of the Company for the financial year ending March 31, 2022, be and is hereby ratified.

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

#### Item No. 5 – Amendment to the Articles of Association (AOA) of the Company.

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

“**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 approval of the Members be and is hereby accorded for alteration of the Articles of Association of the Company in the following manner and the Articles be renumbered accordingly, if needed.”

#### A. Deletion of the following

The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part I and Part II, the provisions of Part II shall be applicable, however, Part II shall automatically terminate and cease to have any force and effect from the date of listing of shares of the Company on a stock exchange in India subsequent to an initial public offering of the Equity Shares of the Company without any further action by the Company or by the shareholders.

**B. New definitions be and are hereby inserted**

- (f) **“Applicable Law”** means all applicable statutes, laws, ordinances, rules and regulations, including but not limited to, any license, permit or other governmental Authorization, in each case as in effect from time to time;
- (i) **“Authority”** means any national, supranational, regional or local government or governmental, statutory, regulatory, administrative, fiscal or government-owned body, department, commission, authority, agency or entity, or central bank (or any Person whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank) or any court, tribunal, or judicial or arbitral body;
- (j) **“Authorization”** means any consent, registration, filing, notification, reporting, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors’ and shareholders’ approvals or consents;
- (rr) **“New Investors”** “shall mean i. International Finance Corporation (IFC), ii Sixth Sense India Opportunities II (SSIOII) and iii Sixth Sense India Opportunities III (SSIOIII) collectively referred to as “New Investors”
- (ss) **“New Securities”** shall mean any Securities of the Company; provided that the term “New Securities” does not include:
- (i) equity shares (or options to purchase equity shares) issued or issuable to officers, directors and employees of, or consultants to, the Company pursuant to an employee stock plan that has been approved by the Board;
- (ii) equity shares issuable upon the exercise or conversion of Securities in existence as of May 1, 2021; or
- (iii) equity shares issued or issuable in connection with any stock split or stock dividend of the Company;
- C. Existing definition be and is hereby substituted with the following new definition.**
- (xx) **“Person”** means any individual, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity
- (eee) **“Securities”** shall mean and include Equity Shares, preferred shares, bonds, loans, warrants, rights, options or other similar instruments or securities which are

convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase shares or other securities of such company or any instrument or certificate representing a beneficial ownership interest in the shares or other securities of such company, including global depository receipts and American depository receipts.

**D. New Articles 84 and 85 be inserted after the existing Article 83.****84. RESTRICTED ISSUANCE**

Notwithstanding anything contained in these Articles of Association:

- a) The Company shall not issue any Securities to any of the individuals or entities named on (A) lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter; or (B) the World Bank Listing of Ineligible Firms (see [HYPERLINK “http://www.worldbank.org/debarr”](http://www.worldbank.org/debarr) [www.worldbank.org/debarr](http://www.worldbank.org/debarr)); and
- b) The Company shall, refuse to recognize any purported issuance or Transfer of Securities in the Company in violation of this Article 3. Any issuance or Transfer made in breach of this Article 3 shall be null and void.

**85. PRE-EMPTIVE RIGHT**

Notwithstanding anything contained in these Articles of Association:

- i. International Finance Corporation (IFC), ii. Sixth Sense India Opportunities II (SSIOII) and iii. Sixth Sense India Opportunities III (SSIO III) shall be collectively referred to as (“New Investors”)
- a) New Investors shall have the right to purchase their pro-rata share of New Securities in the manner set out as below.
- b) If the Company proposes to issue New Securities, it shall give New Investors written notice of its intention, describing the New Securities, their price, and their terms of issuance, and specifying their pro-rata share in such issuance (the “Issue Notice”). New Investors shall have thirty (30) days after any such notice is delivered (the “Notification Date”) to give the Company written notice (“Subscription Notice”) that they agree to purchase part or all of their pro- rata share of the New Securities for the price and on the terms specified in the Issue Notice. New Investors may also notify the Company in the Subscription Notice that they are willing to buy a specified number of the New Securities in excess of their pro- rata share of



such issuance ("Additional Securities") for the price and on the terms specified in the Issue Notice.

- c) For avoidance of doubt, the Company shall not issue any New Securities until after the Notification Date.
- d) If New Investors have indicated that they are willing to buy Additional Securities, the Company shall give New Investors written notice of the total number of New Securities not taken up by other shareholders of the Company ("Unpurchased Securities") within five (5) days of the expiry of the thirty (30) day period referred to in Article 2(b). Such notice shall specify the particulars of the payment process for the New Securities to be purchased by New Investors pursuant to the Subscription Notice.
- e) On a date mutually agreed between New Investors and the Company after expiry of the thirty (30) day period referred to in Article 2(b):
  - i) New Investors shall subscribe for the number of New Securities equal to their pro-rata share specified in the Subscription Notice;
  - ii) if New Investors have indicated that they are willing to buy Additional Securities, New Investors shall also subscribe for the lower of the number of Additional Securities and the number of Unpurchased Securities;
  - iii) New Investors shall pay the relevant consideration to the Company or relevant registrar; and
  - iv) the Company shall take all steps to ensure credit of the number of New Securities for which New Investors have subscribed in New Investor's demat account and recording New Investors as the legal and beneficial owner of the New Securities in depositories' records.

**"RESOLVED FURTHER THAT** the Board of Directors or Company Secretary of the company be and is hereby authorized to take all such steps and actions for the purpose of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts and deeds, matters and things as may be deemed necessary to give effect to this resolution."

**Item No. 6 - Approval for payment of remuneration to Mr. B.M. Vyas (DIN: 00043804), Non-Executive Director, exceeding fifty percent of the total remuneration payable to all Non-Executive Directors.**

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

**"RESOLVED that** pursuant to the recommendations of the Nomination & Remuneration Committee & Board of Directors and pursuant to the provisions of Sections 196, 197, and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment(s) there to or re-enactment(s) thereof for the time being in force) and pursuant to Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other approval(s)/ permission(s), if any as may be required, the approval of the Members of the Company be and is hereby accorded for payment of annual consultancy fees of ₹ 15,00,000 (Rupees Fifteen Lakhs Only) to Mr. B.M. Vyas (DIN:00043804), Non-Executive director for financial year 2021-2022 towards professional services rendered by him which may exceed fifty percent of the total remuneration payable to all Non-Executive Directors of the Company for the said financial year.

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

**Item No. 7 - To approve increase in remuneration of Ms. Akshali Shah - Senior Vice President (Strategy, Sales and Marketing) appointed to an office or place of profit**

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

**"RESOLVED THAT** pursuant to the provisions of Section 188(1) (f) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 (3) of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) and applicable Articles of Association of the Company, the approval of the shareholders be and is hereby accorded to enhance the prescribed limit of salary payable to Ms. Akshali Shah - Senior Vice President (Strategy, Sales and Marketing) of the Company and holding an office or place of profit in the company, as computed under applicable provisions of Companies Act, 2013, and its allied rules from ₹ 37,00,000/- per annum to ₹ 45,00,000/- per annum and such other perquisites in accordance with the Company rule. in the manner as set out in the Explanatory Statement annexed to the Notice convening this Meeting, as approved by the Board of Directors upon recommendation made by

the Nomination and Remuneration Committee as per the Remuneration Policy of the Company and also approved by the Audit Committee in accordance with the Policy of the Company on Related Party Transactions”

“**RESOLVED FURTHER THAT** the Board of Directors/committee thereof be and is hereby authorized to do, all such acts, matters, deeds and things, settle any queries/difficulties/doubts arising from it, as may be considered necessary, proper or expedient to give effect to this resolution and for matters connected herewith or incidental thereof in the best interest of the Company.

**Item No. 8 – Appointment of Mr. Nikhil Vora (DIN: 05014606) as a Non-Executive Director**

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

“**RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Articles of Association of the Company, Mr. Nikhil Vora (DIN 05014606), who was appointed as an Additional Director of the Company with effect from August 20, 2021 and who holds office till the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as Non-Executive Director of

the Company, whose office is liable to retire by rotation, upon such remuneration as detailed in the explanatory statement hereto and as may be determined by the Board of Directors of the Company from time to time within the overall limits of remuneration under the Companies Act, 2013”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

By the Order of Board of Directors  
For **Parag Milk Foods Limited**

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

Place: Mumbai  
Date: August 20, 2021

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



**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular nos. 14/2020 and 17/2020 dated April 8, 2020 and April 13, 2020 respectively, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19”, circular no. 20/2020 dated May 5, 2020 in relation to “Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)” and Circular no. 02/2021 dated January 13, 2021 in relation to “Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)” (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide its Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (hereinafter collectively referred to as “the Circulars”), permitted the holding of the Annual General Meeting (AGM or the Meeting) through VC/ OAVM, without the physical presence of the Shareholders at a common venue.
  2. Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 read with the said Circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the 29th AGM of the Company is being held through VC / OAVM. The detailed procedure for participating in the meeting through VC/OAVM is annexed herewith and also available at the Company’s website i.e., [www.paragmilkfoods.com](http://www.paragmilkfoods.com).
  3. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
  4. Participation of Members through VC /OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 (“the Act”).
  5. A statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.
- ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:**
6. In accordance with, the General Circular No. 20/2020 dated May 5, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor’s report or other documents required to be attached therewith), the Annual Report 2020-21, the Notice of the 29<sup>th</sup> AGM, and instructions for e-voting are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
  7. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company’s Registrar and Share Transfer Agent, KFin Technologies Private Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Members are requested to submit request letter mentioning the Folio No. and Name of Shareholder along with scanned copy of the Share Certificate (front and back) and self-attested copy of PAN card for updation of email address. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participants.
  8. Members holding shares in dematerialized form are requested to intimate any changes pertaining to their name, address, registered email ID, bank details, NECS, mandates, nominations, power of attorney, etc. to their Depository Participant. Changes intimated to the Depository Participant will be automatically reflected in the Company’s records. Members holding shares in physical form are requested to intimate any of the above mentioned changes, alongwith the request for merging of folio etc., the Company’s Registrar and Share Transfer Agent, KFin Technologies Private Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  9. The Notice of AGM along with Annual Report for the financial year 2020-21, is available on the website of the Company at [www.paragmilkfoods.com](http://www.paragmilkfoods.com), on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  10. Details of the Director(s) pursuant to Regulations 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meetings in respect of Directors seeking re-appointment of Directorship at this AGM are appended to this Notice.
  11. For the purpose of availing Nomination facility, members holding shares in dematerialised form are required to lodge the nomination with their Depository Participant and members holding shares in physical form are required to fill and submit Form SH-13 (available on request) with the Company’s Registrar and Transfer Agents, KFin Technologies Private Limited. If a Member desires to cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form No. SH-14. The said forms can be downloaded from the

Company's website at <https://www.paragmilkfoods.com/investors.php>. Members are requested to submit the said form to their DPs in case the shares are held in electronic form and to the Registrar at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) in case the shares are held in physical form, quoting their folio number.

12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to [cs@parag.com](mailto:cs@parag.com).
13. In terms of Section 152 of the Act, Mr. Devendra Shah is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
14. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already cast by remote e-voting facility by first holder.

#### DIVIDEND RELATED INFORMATION

15. Subject to approval of the Members at the AGM, the dividend will be paid within a week from the conclusion of the AGM, to the Members whose names appear on the Company's Register of Members as on the Record Date, and in respect of the shares held in dematerialised mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
16. Members, wishing to claim dividends, which remain unclaimed from the financial year 2016-17, are requested to write to the Company's Registrar and Transfer Agents, KFin Technologies Private Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). It may be noted that once such unclaimed dividends are transferred on expiry of seven years to the Investor Education and Protection Fund (IEPF) no claim shall lie in respect thereof. Further, shares on which the dividend remains unclaimed for seven consecutive years will also be transferred to the IEPF Suspense Account in accordance with the Section 124 of the Act, and the applicable Rules. The shares transferred to the IEPF Suspense Account can be claimed back by the concerned shareholders from the IEPF Authority after complying with the procedure prescribed under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

17. Payment of dividend shall be made through electronic mode to the Shareholders who have updated their bank account details.

Dividend warrants / demand drafts will be dispatched to the registered address of the shareholders who have not updated their bank account details, after normalisation of the postal service. In case of shares held in physical mode, the dividend will be paid to the shareholders, whose names shall appear in the Company's Register of Members.

18. Shareholders are requested to register / update their complete bank details:
  - (a) with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialised mode by submitting the requisite documents, and
  - (b) If shares are held in physical mode, by submitting to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) (i) scanned copy of the signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details), (ii) self-attested copy of the PAN card and (iii) cancelled cheque leaf. In case shares are held in dematerialised mode, details in a form prescribed by the Depository Participant may also be required to be furnished.
19. The Company has fixed **Wednesday, September 08, 2021 as the "Record Date"** for determining entitlement of Members to dividend for the financial year ended March 31, 2021.
20. Pursuant to Section 91 of the Act, Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 09, 2021 to Wednesday, September 15, 2021, (both days inclusive) for the purpose of the AGM and payment of dividend for the Financial Year 2020-2021.
21. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate immediately to their Depository Participants. The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to



non- registration of the Electronic Bank Mandate, the Company shall despatch the dividend warrant/ bankers' cheque/demand draft to such Members at the earliest once the normalcy is restored in view of the outbreak of COVID-19 pandemic.

22. Members may note that the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of final dividend. For the prescribed rates for various categories, the shareholders are requested to refer the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company / KFin (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).
- a) For Resident Shareholders, TDS shall be deducted under Section 194 of the Income Tax Act, 1961 at 10% on the amount of Dividend declared and paid by the Company during financial year 2021-22 provided the PAN is registered by the Shareholder. If PAN is not registered, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

However, no tax shall be deducted on the Dividend payable to a resident individual if the total dividend to be received by them during financial year 2021-22 does not exceed Rs. 5,000. Please note that this includes the future dividends if any which may be declared by the Board in the financial year 2020-21. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / nil withholding tax

In cases where the shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met, no TDS shall be deducted. PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above. Blank Form 15G and 15H can also be downloaded from the link given at the end of this communication or from the website of the Company viz., [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

- b) In order to provide exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:
- **Insurance companies:** A declaration that they are beneficial owners of shares held.

- **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested).

- **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of registration documents (self-attested) should be provided.

- c) For Non-resident Shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the Income Tax Act, 1961 at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of Dividend payable to them. However, as per Section 90 of the Income Tax Act, 1961, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- i. Self-attested copy of Permanent Account Number (PAN Card), if any, allotted by the Indian income tax authorities;
- ii. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident;
- iii. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- iv. Self-declaration by the non-resident shareholder having no permanent establishment in India in accordance with the applicable Tax Treaty;
- v. Self-declaration of beneficial ownership by the non-resident shareholder.

The documents referred to in point nos. (iii) to (v) can be downloaded from the link <https://ris.kfintech.com/form15> or from the Company's website viz. [www.paragmilkfoods.com](http://www.paragmilkfoods.com).

- Self-declaration, certifying the following points:
  - i. Member is and will continue to remain a tax resident of the country of its residence during the financial year 2020-21;

- ii. Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
  - iii. Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
  - iv. Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and
  - v. Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-21.
23. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.

Notwithstanding the above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the Income Tax Act, 1961. Such TDS rate shall not be reduced on account of the application of the Lower DTAA rate, if any.

Therefore Dividend will be paid after deducting the tax at source as under:

- NIL for resident shareholders receiving dividend upto ₹ 5000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN is submitted.
  - 10% for resident shareholders in case PAN is provided/available.
  - 20% for resident shareholders, if PAN is not provided / not available.
  - Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
  - 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted.
  - Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Income Tax Act, 1961.
24. The aforesaid documents such as Form 15G/ 15H, documents under sections 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate

etc. can be uploaded on the link <https://ris.kfintech.com/form15> or emailed to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) on or before **September 06 2021** to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/ deduction received after **September 06 , 2021** shall not be considered. Formats of Form 15G / Form 15H are available on the website of the Company and can be downloaded from the link <http://www.paragmilkfoods.com/investors/download.php>

25. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

#### **PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:**

26. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned below for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
27. For convenience of the Members and proper conduct of AGM, Members can login and join at least 15 (Fifteen) minutes before the time scheduled for the AGM and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
28. Members are encouraged to join the Meeting through Laptops for better experience.



29. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
30. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

**PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:**

31. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name demat account number / folio number, email ID,, PAN, mobile number at [cs@parag.com](mailto:cs@parag.com). Questions / queries received by the Company from **9.00 a.m. on Wednesday, September 01, 2021 till 5.00 p.m. on Tuesday, September 07, 2021** shall only be considered and responded during the AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company will select the speakers on first come first serve basis. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
32. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by visiting the link <https://www.evoting.nsd.com> or email at [cs@parag.com](mailto:cs@parag.com) between 9.00 a.m. on **Wednesday, September 01, 2021 till 5.00 p.m. on Tuesday, September 07, 2021**.
33. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.
34. Members facing any technical issue in login can contact NSDL helpdesk by sending a request at HYPERLINK "<mailto:evoting@nsdl.co.in>" [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call at toll free no: 1800 1020 990 and 1800 22 44 30.

**PROCEDURE FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:**

35. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Secretarial Standard on General Meetings issued by the Institute of Companies Secretaries of India and the Circulars issued by the Ministry of Corporate Affairs

dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is pleased to provide the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

36. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Wednesday, September 08, 2021**, i.e. the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
37. Members may cast their votes on electronic voting system from any place (remote e-voting). The remote e-voting period will commence at **9.00 a.m. on Sunday, September 12, 2021 and will end at 5.00 p.m. on Tuesday, September 14, 2021**. In addition, the facility for voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. September 8, 2021 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsd.com/>.
38. **The details of the process and manner for remote e-voting are explained herein below:**

The way to vote electronically on NSDL e-Voting system consists of "Three Steps" which are mentioned below:

**Step 1: Access to NSDL e-voting website**

**For Individual Members holding shares in dematerialised form:**

*For Members holding shares in demat account with NSDL*

**If you are registered for NSDL 'IDeAS' facility, you are required to follow the below-mentioned steps:**

- (a) Launch internet browser by typing the URL: <https://eservices.nsd.com> and click on 'Beneficial Owner' tab under the 'IDeAS' section.
- (b) Insert your existing user ID and password.
- (c) After login, click on 'Access to e-voting' under e-voting services and you will be able to see the e-voting page.
- (d) Thereafter, click on 'evote' link available against Parag Milk Foods Limited or 'e-voting service provider - NSDL' and proceed to Step 2 to cast your vote.

**If you are not registered for 'IDeAS',** you are required to follow the below-mentioned steps:

- (a) Launch internet browser by typing the URL: <https://www.evoting.nsd.com> and click on '**Shareholder / Member - Login**'.
- (b) Insert your existing user ID, password / OTP and the verification code as shown on the screen, and agree to the terms and conditions by clicking the box.
- (c) After authentication, you will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
- (d) Thereafter, click on '**evote**' link available against Parag Milk Foods Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.

*For Members holding shares in demat account with Central Depository Services (India) Limited ('CDSL')*

If you are registered for CDSL 'Easi / Easiest' facility, you are required to follow the below-mentioned steps:

- (a) Login at [www.cdslindia.com](http://www.cdslindia.com) and click on 'New System Myeasi', or launch internet browser by typing the URL: <https://web.cdslindia.com/myeasi/home/login>
- (b) Insert your existing user ID and password.
- (c) After login, you will be able to view the e-voting menu.
- (d) Thereafter, click on '**evote**' link available against Parag Milk Foods Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.

You can also directly access the e-voting page from a link on the home page of [www.cdslindia.com](http://www.cdslindia.com) with your

demat account number and PAN.

After OTP based authentication, you will be provided link for '**evoting**' against Parag Milk Foods Limited or '**e-voting service provider - NSDL**'. Click on the link and proceed to Step 2 to cast your vote

For Members logging in through the websites of their Depository Participants

- (a) Login to your demat account, using the login credentials, through the concerned Depository Participant registered with NSDL / CDSL for e-voting.
- (b) Click on '**e-voting**'. You will be re-directed to NSDL e-services website wherein you will be able to see the e-voting page.
- (c) Thereafter, click on '**evote**' link available against Parag Milk Foods Limited or '**e-voting service provider - NSDL**' and proceed to Step 2 to cast your vote.

Members who are unable to retrieve their user ID or password are advised to use 'Forgot User ID' / 'Forgot Password' option(s) available on the websites of the respective Depositories / Depository Participants.

**Step 2: Log-in to NSDL e-Voting system at <https://www.evoting.nsd.com/>**

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

- (a) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
- (b) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- (c) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.



(d) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example: if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example: if your Beneficiary ID is 12***** then your User ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example: if folio number is 001*** and EVEN is 101456 then your User ID is 101456001***.

(e) Your password details are given below:

- i. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- ii. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- iii. How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
- (f) If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:
  - i. Click on '**Forgot User Details/Password?**' (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - ii. **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - iii. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
- (g) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- (h) Now, you will have to click on "Login" button.
  - (i) After you click on the "Login" button, Home page of e-Voting will open.

### Step 3: Cast your vote electronically on NSDL e-voting system.

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

- a. After successful login at Step 1, you will be able to see the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
- b. After click on Active Voting Cycles, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle is in active status.
- c. Select 'EVEN' of Company for which you wish to cast your vote.
- d. Now you are ready for e-voting as the voting page opens.
- e. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

- (f) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (g) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- (h) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**The instructions for Members for e-voting on the day of the AGM are as under:**

- a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- b. Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
- c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- d. For details of the person who may be contacted for any assistance connected with the facility for e-voting on the day of the AGM, please refer Note No. 35 above.

**GENERAL INFORMATION:**

- 39. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [bhaskar@nlba.in](mailto:bhaskar@nlba.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- 40. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
- 41. Process for those shareholders whose email IDs are not registered with the depositories for procuring user ID and password and registration of e mail IDs for e-voting for the resolutions set out in this notice:**
  - 1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share

certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [investors@parag.com](mailto:investors@parag.com).

In case shares are held in demat mode, please provide DPID-Client ID (16 digit DPID + Client ID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [investors@parag.com](mailto:investors@parag.com).

- 42. The voting rights shall be as per the number of equity shares held by the Member(s) as on Wednesday, September 08, 2021, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- 43. The Company has appointed Mr. Bhaskar Upadhyay from N.L.Bhatia & Associates, Practising Company Secretaries (FCS 8663 and CP No.9625), to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.
- 44. The results of the electronic voting shall be declared to the Stock Exchanges after the conclusion of AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company at [www.paragmilkfoods.com](http://www.paragmilkfoods.com).
- 45. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Soni Singh at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**PROCEDURE FOR INSPECTION OF DOCUMENTS:**

- 46. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to [investors@parag.com](mailto:investors@parag.com).
- 47. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members during the AGM. All the documents referred to in the accompanying Notice and Explanatory Statement, shall be available for inspection through electronic mode without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to [cs@parag.com](mailto:cs@parag.com).



**OTHER INFORMATION**

48. To prevent fraudulent transactions, members are advised to exercise due diligence and notify any change in information to Registrar and Share Transfer Agent or Company as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
49. Members who hold shares under more than one folio in name(s) in the same order, are requested to send the relative Share Certificate(s) to the Company's Registrar and Transfer Agent for consolidating the holdings into one account. The Share Certificate(s) will be returned after consolidation.
50. Members holding shares in dematerialised form may please note that, while opening a depository account with Participants they may have given their bank account details, which will be printed on their dividend warrants.
- However, if Members want to change/correct the bank account details, they should send the same immediately to the Depository Participant concerned. Members are also requested to give the MICR code of their bank to their Depository Participant. The Company will not entertain any direct request from Members for cancellation/change in the bank account details furnished by Depository Participants to the Company.
51. The SEBI vide its circular dated 20<sup>th</sup> April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to KFinTech / Investor Services Department of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque through email at [investors@parag.com](mailto:investors@parag.com). The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.
52. Pursuant to Section 72 of the Companies Act, 2013, Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling Form SH-13. Members holding shares in the dematerialized form may contact their Depository Participant for recording the nomination in respect of their holdings.
53. Pursuant to provisions of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Company is maintaining an E-mail ID: [investors@parag.com](mailto:investors@parag.com) exclusively for quick redressal of members/ investors grievances.
54. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company's Registrar at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) for assistance in this regard.
55. The format of the Register of Members prescribed by the MCA under the Act requires the Company/Registrar to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend, etc. Members holding shares in electronic form are requested to submit the details to their respective DPs only. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/ mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc. to their DPs in case the shares are held in electronic form and to the Registrar at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). In case the shares are held in physical form, quoting their folio number. Further, Members may note that SEBI has mandated the submission of PAN by every participant in the securities market.

By the Order of Board of Directors  
For **Parag Milk Foods Limited**

**Rachana Sangania**

Company Secretary & Compliance Officer  
ACS No. 10280

Place: Mumbai  
Date: August 20, 2021

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

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

The following Explanatory Statement sets out all the material facts relating to the Item Nos. 4, 5, 6 and 7 of the accompanying Notice dated July 29, 2021. The Explanatory Statement is annexed to the Notice convening the 29<sup>th</sup> Annual General Meeting to be held on September 15, 2021.

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

The Board in its Meeting held on June 12, 2021 on the recommendation of the Audit Committee, has approved the appointment of M/s Harshad S. Deshpande & Associates, Cost Accountants as the Cost Auditors, to conduct the audit of the cost records of the Company for the financial year 2021-2022 at a remuneration of ₹ 1,00,000/- per annum (Rupees One Lac Only) plus Goods and Services tax as applicable and re- reimbursement of out of pocket expenses, if any. M/s. Harshad S. Deshpande & Associates, Cost Accountants, have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company and confirmed that they are not disqualified under the provisions of Section 148(5) of the Companies Act, 2013.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending March 31, 2022, as set out in the Ordinary Resolution for the aforesaid services to be rendered by them.

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

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

### Item No. 5 – Amendment to the Articles of Association (AOA) of the Company

The Company pursuant to the approval of the shareholders by way of Special Resolution in the Extra-Ordinary General Meeting (EGM) of the Company dated April 26, 2021 for the fund raising transactions by way of issuance of convertible warrants to promoter / promoter group on preferential basis, issuance of equity shares on a preferential basis to investors (non-promoters) issuance of Foreign Currency Convertible Bonds (FCCBs) on private placement basis has allotted the aforementioned securities to the specified investors.

The Finance Committee of the Company on May 10, 2021 approved allotment of 1,12,61,259 Equity Shares to the Non-Promoter Investors as follows:

1. 67,56,756 equity shares of face value ₹ 10/- each (“Equity Shares”) at a price of ₹ 111/- (including a premium of ₹ 101/-) per share, for a total consideration of ₹ 74,99,99,916/- (Rupees Seventy Four Crore Ninety-Nine Lacs Ninety-Nine Thousand Nine Hundred and Sixteen only) to International Finance Corporation (Investor).
2. 18,01,801 equity shares of face value ₹ 10/- each (“Equity Shares”) at a price of ₹ 111/- (including a premium of ₹ 101/-) per share, for a total consideration of ₹ 19,99,99,911/- (Rupees Nineteen crores ninety-nine lacs ninety-nine thousand nine hundred eleven only) to Sixth Sense India Opportunities II (Investor) and
3. 27,02,702 equity shares of face value ₹ 10/- each (“Equity Shares”) at a price of ₹ 111/- (including a premium of ₹ 101/-) per share, for a total consideration of up to ₹ 29,99,99,922/- (Rupees Twenty-nine crores ninety-nine lacs ninety-nine thousand nine hundred twenty-two only) to Sixth Sense India Opportunities III (Investor).

The Finance Committee on May 18, 2021 approved the allotment of 1500 Unlisted, Secured, Redeemable, Non-Convertible Debentures (NCDs) of Face Value ₹ 10,00,000/- (Rupees Ten Lakhs Only) each, aggregating to ₹ 150,00,00,000/- (Rupees One Hundred Fifty Crores Only) on a Private Placement Basis to International Finance Corporation (“IFC”).

The Finance Committee subsequently on May 28, 2021 approved allotment of 10,680 (Ten Thousand Six Hundred & Eighty Only) unlisted, unsecured, unrated Foreign Currency Convertible Bonds (“FCCBs”) of face value of USD \$1000 each aggregating to USD \$10,680,000 (Dollars Ten Million Six Hundred and Eighty Thousand) by private placement to International Finance Corporation (“IFC”) (Investor).

Pursuant to the Share Subscription Agreements entered into with the Investors, the names of the Investors are to be included in the Articles of Association of the Company under the clauses 4 (Share Capital & Variation of Rights), Clause 10 (Share Certificate), Clause 16 (Further Issue of Share Capital).

Accordingly, the Company proposes to alter its articles of association and include the names of the Investors viz International Finance Corporation (IFC), Sixth Sense India Opportunities Fund II and Sixth Sense India Opportunities Fund III in the altered AOA.

Adding Sub clause (f) to Clause 4, Sub-clause (d) to the Clause 16 of the Articles.

In compliance with the applicable legal requirements, approval from the shareholders of the Company, by way of a Special Resolution, is required, for effecting change in the Company name and consequential alteration in its Articles of Association.

Accordingly, the Board recommends the resolution as set out at Item No. 5 of this Notice, for the approval by the shareholders, as a Special Resolution.

None of the Promoters, Directors and Key Managerial Persons (KMPs) of the Company or any relatives of such Promoters, Directors or KMPs, are in any way concerned or interested, financially or otherwise, in the resolution.

**Item No. 6: 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.**

Mr. B.M. Vyas, Non-executive Director of the Company is rendering professional services as a consultant to the Company and he is being paid consultancy fees for the same. Also a Professional Service Agreement has been entered with Mr. B.M. Vyas. As per proviso to Section 197(4) of the Act, where services rendered by a director are of professional nature and in the opinion of the Nomination and Remuneration Committee, the director possesses the requisite qualification for the practice of the profession then the remuneration for such services will not be included as remuneration limits under section 197.

However pursuant to the provisions of Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable w.e.f. April 1, 2019), approval of shareholders by special resolution is required in case the annual remuneration payable to a single Non-Executive Director exceeds 50% (Fifty percent) of the total remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.

The Nomination and Remuneration Committee has approved that the services rendered by Mr. Vyas shall not be included in remuneration limits under section 197 as he is rendering professional services and he possesses the requisite qualification.

As a practice of good Corporate Governance and pursuant to Regulation 17(6)(ca), as recommended by the Nomination & Remuneration Committee, the Board of Directors of the Company, has approved proposal for seeking consent of shareholders for payment of Rs 15,00,000/- p.a. (Rupees Fifteen Lakhs Only) to Mr. B.M. Vyas (DIN: 00043804), Non-executive director towards the professional services rendered by him for the financial year 2021-22, which may exceed 50% (Fifty percent) of the total remuneration payable to all Non-Executive Directors of the Company.

Accordingly, approval of the Members is sought by way of a Special Resolution to pay such consultancy fees to Mr. B.M. Vyas, as set out in the Resolution of this Notice.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr. B.M. Vyas is in any way, concerned or interested, financially or otherwise, in the aforementioned resolution. The Board recommends the Special Resolution set forth in Item No. 6 for approval of the Members.

**Item No. 7 : Approval Under Section 188(1)(f) of the Companies Act, 2013 for Increase in Payment of Remuneration To Ms. Akshali Shah - Senior Vice President (Strategy, Sales and Marketing) for Holding/Continue to Hold Office or Place of Profit in the Company.**

In terms of the first proviso to clause (f) Sub Section (1) of Section 188 of the Companies Act, 2013, read with Rule 15(3) (b) of the Companies (Meeting Board and its Powers) Rules, 2014, appointment of a related party to any office or place of profit in the Company at a monthly remuneration exceeding ₹ 2.50 lacs requires prior approval from Members by means of an Ordinary Resolution

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings with related parties of the Company. The provisions of Section 188(1)(f) of the Companies Act, 2013 that govern the related party's appointment to any office or place of profit in the company, its subsidiary company or associate company.

Ms. Akshali Shah daughter of Mr. Devendra P. Shah (Executive chairman and Promoter of the Company) was appointed as officer and holding a place of profit under Section 188(1)(f) and all other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modifications(s) or re-enactment thereof, for the time being in force), at a salary of ₹ 37,00,000 per annum and a resolution to this effect was passed by the shareholders in the 26<sup>th</sup> Annual General Meeting held on September 19, 2018. The said approval allowed a total Salary of ₹ 37,00,000 per annum; and if further required, the Company shall seek fresh approval of the members of the Company in the event of increase in salary in excess of the aforesaid limit.

In terms of Sections 188(1)(f) of the Companies Act, 2013 read with applicable rules and as per the recommendation and approval of Nomination and Remuneration Committee and Audit Committee, for enhancement in prescribed limit of Salary payable to Ms. Akshali Shah - Senior Vice President (Strategy, Sales and Marketing) of the Company and holding an office or place of profit in the company, are in the ordinary course of business and at arm's length basis transaction. Ms. Akshali Shah associated with the Company for many years has contributed immensely towards its immense growth.



Her present role is crucial to provide impetus to the expanding Business in the emerging market business of the Company and is focusing on tapping the potential markets. Considering her qualification, experience and present role the prescribed limit under Companies Act, 2013 requires approval of the shareholders. Brief profile of Ms. Akshali Shah - Senior Vice President (Strategy, Sales and Marketing) is given below.

Related party	Yes
Designation	Senior Vice President (Strategy, Sales and Marketing)
Name of the Director/Key Managerial Personnel who is related	Mr. Devendra Shah - Executive Chairman
Nature of Relationship	Daughter of Mr. Devendra shah- Executive Chairman
Nature, Material terms, Monetary value and particulars of the contract or arrangement	<ol style="list-style-type: none"> <li>1. Employment Contract</li> <li>2. At a Maximum remuneration of ₹ 45,00,000/- (Rupees forty five lakhs) per annum, if approved ₹ 45,00,000/- p.a (Rupees Forty Five lacs) will be paid</li> <li>3. Either parties to the contract of service shall be entitled to change the terms and conditions of contract with mutual consent.</li> </ol>
Expertise in specific functional areas	<p>Ms. Akshali Shah, 31 years, holds an MBA degree in Family Managed Business from S. P. Jain Institute of Management and Research, Mumbai and brings in strategic thinking with exceptional marketing management skills and has a pragmatic and collaborative style of working. She has played a key role in revamping the corporate identity of the company and has brought in new innovation in branding, public image, marketing &amp; advertising strategy, sales campaigns and marketing metrics. Her expertise in Information Technology &amp; Digital Marketing has helped Parag Milk Foods Ltd. enhance their overall brand visibility on social media and build a strong digital presence</p> <p>As Senior Vice President (Strategy, Sales and Marketing), she has been instrumental in the journey of transformation from being a Dairy to a leading FMCG company with product innovation focusing on health &amp; nutrition.</p>
Shareholding in the Company	NIL
Remuneration	Scale: ₹ 45,00,000/- per annum

Considering the time and effort devoted by Ms. Akshali Shah towards the growth of the Company, the management of the Company has proposed to increase the payment of remuneration payable to her from ₹ 37,00,000/- (Rupees Thirty-Seven Lakhs only) per annum to ₹ 45,00,000/- (Rupees Forty-Five Lakhs) per annum.

In view of this, your Directors, recommend adoption of the proposed ordinary resolution for seeking your consent for enhancement in the remuneration payable to Ms. Akshali Shah in the manner aforesaid.

None of the Directors, Key Managerial Personnel or their relatives, other than Mr. Devendra Shah, Executive Chairman, Mr. Pritam Shah Managing director and their relatives are in any way concerned or interested in the proposed Ordinary Resolution set out at Item No.7 of the Notice for approval by the Members.

#### **Item No.8: Appointment of Mr. Nikhil Vora as a Non - Executive Director**

In accordance with the provisions of Section 152 of the Companies Act, 2013, appointment of Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Nikhil Vora (DIN: 05014606) as Additional Director of the Company effective August 20, 2021, as per the provisions of Section 161 of the Companies Act, 2013 and Rules framed thereunder ("the Act") read with Article 38 of the Articles of Association of the Company. He holds office upto the date of this Annual General Meeting.

The Board of Directors have proposed that Mr. Nikhil Vora be appointed as Non-Executive Director on the Board, whose office is liable to retire by rotation.

Mr. Vora has also given his consent to act as a Director of the Company. Also, as per confirmation received from him, he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

The Company has received a notice in writing under Section 160 of the Act from a Member proposing the candidature of Mr. Vora for the office of Director of the Company.

The appointment of Mr. Nikhil Vora shall be effective upon approval by the members in the Meeting.

#### **Brief Resume of Mr. Nikhil Vora**

Additional information in respect of Mr. Vora, including his brief resume, pursuant to the Listing Regulations and the Secretarial Standard on General Meetings, is provided below:

Nikhil Vora is the Founder and CEO of Sixth Sense Ventures with 28 years of experience in financial markets and the consumer domain. Nikhil was earlier the Managing Director and Head of Research at IDFC Securities and has been regarded as one of the strongest analytical minds in the country.

He has evolved a strategic roadmap for Hindustan Unilever, Aditya Birla Group, Marico, Godrej, etc. His research has been accredited by some of the largest global funds like Capital, Fidelity, Alliance Bernstein, Putnam, Schroder's, etc. Mr. Vora has been rated by Asia Money / Institutional Investors consistently for being amongst the best analytical minds in the country.

A post-graduate in Management, Mr. Nikhil has also completed the Future Leaders Program at the Saïd Business School, University of Oxford. He was voted India's No.1 Analyst in the Asia Money Polls 2021 and also voted Asia's Best Analyst by the Wall Street Journal and also bestowed with the 'Thought Leadership' award by IDFC Ltd.

Mr. Vora is the CEO of Sixth Sense India Opportunities II and Sixth Sense India Opportunities III which have subscribed and been allotted 18,01,801 and 27,02,702 Equity Shares of the Company respectively now collectively holding 4.72% of the Equity Share Capital in the Company.

Along with advising clients, he also has been a venture capital investor and on the board of a few of his investee companies (listed and unlisted) including listed companies like Hindustan Foods Limited, JHS Svendgaard Laboratories Limited. He is not related to any of the Directors or Key Managerial Personnel of the Company.

Mr. Nikhil Vora is holding 160,700 shares in the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to avail services of Mr. Nikhil Vora as a Non-Executive Director.

Copy of the draft letter for appointment of Mr. Nikhil Vora as a Non-Executive Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Company has received all the necessary disclosures including disclosure of his concern or interest along with shareholding in any Company or Companies, Bodies Corporate, Firms, other Association of Individuals etc by way of Form MBP-1, Declaration under Section 164(2) & 167 of the Companies Act, 2013; Details of Committee Memberships/ Chairmanships if any; along with the Consent to act as a Director of a Company in Form DIR-2.

The Committee and the Board are of the view that the association of Mr. Vora and the rich experience he brings with him would benefit the Company; he also possesses appropriate skills, expertise and competencies in the context of the Company's businesses.

Being a member of the Board and subject to appointment on any of the Committees, Mr. Nikhil Vora has voluntarily waived off from accepting any sitting fees for attending the Board / Committee meetings.

Additional information in respect of Mr. Vora, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is provided at Annexure A to this Notice.

The Board of Directors recommends the resolution proposing the appointment of Mr. Nikhil Vora as a Non-Executive Director of the Company, as set out in Item No. 8 for approval of the Members by way of an Ordinary Resolution.

By the Order of Board of Directors  
For **Parag Milk Foods Limited**

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

Place: Mumbai  
Date: August 20, 2021

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

## ANNEXURE 1

**Brief resume of Directors seeking Appointment / Re-appointment at the 29th Annual General Meeting of the Company pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards issued by the Institute of Company Secretaries of India**

<b>Name of the Director</b>	Mr. Devendra Prakash Shah
<b>Director Identification Number</b>	01127319
<b>Date of birth</b>	05/06/1964
<b>Date of first appointment on the Board</b>	29/12/1992
<b>Relationship with Director and Key Managerial Personnel</b>	Brother of Mr. Pritam Shah (Managing Director)
<b>Qualification</b>	
<b>Nature of expertise in specific functional areas</b>	Apart from promoting India's largest cow farm called Bhagyalaxmi Dairy farm, he also holds reputed positions in various ventures like Director- Bhimashankar Sahakari Sakhar Karkhana, Pargaon, Secretary of National centre for Rural Development, Chairman, Sharad Sahakari Bank and Director, NDRI
<b>Number of Equity Shares held in the Company as on March 31, 2021</b>	1,52,06,400 Shares
<b>Directorship held in other Listed Companies</b>	NIL
<b>Number of Board Meetings of the Company attended</b>	4
<b>Chairmanship / Membership of Committees of other Boards as on March 31, 2021</b>	None
<b>Terms and conditions of appointment and re-appointment</b>	As per Nomination and Remuneration Policy of the Company as displayed on the Company's website at <a href="http://www.paragmilkfoods.com">www.paragmilkfoods.com</a> . He is an Executive Director liable to retire by rotation.



<b>Name of the Director</b>	Mr. Nikhil Vora
<b>Director Identification Number</b>	05014606
<b>Date of birth</b>	24/10/1971
<b>Date of first appointment on the Board</b>	20/08/2021
<b>Relationship with Director and Key Managerial Personnel</b>	N.A.
<b>Qualification</b>	A post-graduate in Management, Mr. Vora has also completed the Future Leaders Program at the Saïd Business School, University of Oxford
<b>Nature of expertise in specific functional areas</b>	<p>Mr. Nikhil Vora is the Founder and CEO of Sixth Sense Ventures with 28 years of experience in financial markets and the consumer domain.</p> <p>In the Asia Money polls 2012, Mr. Nikhil was voted as India's Best Analyst. He also has the rare distinction of being voted Asia's Best Analyst by the Wall Street Journal in the same year. Along with advising clients, he also has been an active angel investor.</p> <p>Nikhil Vora-led Sixth Sense Ventures has generated one of the highest returns on an investment by a venture capital firm in India in recent years after fully cashing out of a consumer-focused company it had backed barely two-and-a-half-years ago.</p>
<b>Number of Equity Shares held in the Company as on March 31, 2021</b>	1,60,700 shares
<b>Directorship held in other Listed Companies</b>	<ol style="list-style-type: none"> <li>1. Hindustan Foods Limited</li> <li>2. JHS Svendgaard Laboratories Limited</li> </ol>
<b>Number of Board Meetings of the Company attended</b>	NIL
<b>Chairmanship / Membership of Committees of other Boards as on March 31, 2021</b>	NIL
<b>Terms and conditions of appointment and re-appointment</b>	<p>As per Nomination and Remuneration Policy of the Company as displayed on the Company's website at <a href="http://www.paragmilkfoods.com">www.paragmilkfoods.com</a>.</p> <p>He is a Non-Executive Director liable to retire by rotation.</p>