

26<sup>th</sup>  
ANNUAL  
REPORT  
2017-2018



MODERN DAIRIES LIMITED



**BOARD OF DIRECTORS**

Chairman and Managing Director  
Mr. Krishan Kumar Goyal

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

**CHIEF FINANCIAL OFFICER**

Mr. Mukesh Sehgal

**COMPANY SECRETARY**

Ms. Heena Garg

**AUDITORS**

M/s. Aaryaa & Associates  
Chartered Accountants

**BANKERS**

Punjab National Bank  
State Bank of India  
Canara Bank

**CORPORATE OFFICE**

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

**REGISTERED OFFICE & WORKS**

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

**REGISTRARS & SHARE TRANSFER AGENTS**

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

**CONTENTS**

Directors' Report -----	2
Corporate Governance Report -----	15
Auditors' Report -----	25
Balance Sheet -----	30
Statement of Profit & Loss -----	31
Cash Flow Statement -----	32
Notes -----	33

**DIRECTORS' REPORT**

Dear Members,

Your Directors hereby present their 26<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2018.

**FINANCIALS**

	Rs. in Lakhs	
	Year Ended 31.03.2018	Year Ended 31.03.2017
Net Sales and other Income	46729	45774
Operating Loss	(1312)	(336)
Finance Cost	31	297
Cash Loss	(1343)	(633)
Depreciation & Amortisation	514	507
Loss for the year	(1857)	(1140)

**PERFORMANCE**

During the year under review, the Company achieved Net Sales and Other Income of Rs. 46729 Lakhs as against Rs. 45774 Lakhs in the previous year.

The Company is still facing the uneconomical situation for manufacture of export dependent product casein, which was non- operational most of the time due to high domestic milk prices and low international prices of casein.

Looking to the market situation, company focused on domestic products. Operational team is putting best efforts to increase its presence in the domestic market. The Company products are very well accepted in the market. The company hopes to improve its sales volumes and margins with its efforts in the time to come.

**CURRENT OPERATIONS**

As stated above, the company continues to focus on sale of Fresh Dairy Products like milk in sachets and fermented dairy products. The team is continuously striving to improve the operations and performance through sale of these products in the Modern Dairies Brand.

In general, with the improved spending power of the consumers the domestic market particularly for fresh dairy products is growing.

Further, the company is already doing private label work for leading institutions and operating team is working to enhance its volumes with the esteemed customers.

It is important that with normal rainfall expected during this year, the production and availability of milk is expected to be good.

**MILK CESS**

As the members are aware that the Company has filed a Special Leave Petition with the Hon'ble Supreme Court of India against the judgment of Hon'ble Punjab & Haryana High Court challenging imposition of Milk Cess by the Govt. of Haryana. The Hon'ble Supreme Court on 7th September, 2012, directed an interim stay of the High Court judgment and order subject to the Company's depositing 50% of the cess levied and demanded by the Government of Haryana which has been deposited by the Company with the Department within the stipulated time. In spite of that the Company continues to receive demand notices from Semen Bank officer. Demand notice at the year end stands at Rs. 138.79 Crores. The matter is pending before the Hon'ble Supreme Court.

**PLEDGE OF PROMOTER SHAREHOLDING**

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

**STATUS OF COMPANY'S ACCOUNTS WITH LENDERS**

Members will recall that the Company account status is NPA and your Company has been following up regularly with the lenders for resolution of the debts. This is to further update the members that State Bank of India has already assigned its portion of debt through ARC route. The Company is following with other lenders as well for the debt resolution.

**QUALITY, FOOD SAFETY & ENVIRONMENT STANDARDS**

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

Our Quality Management Systems, Food Safety Systems and Environment Management Systems have been certified by DNV Netherlands. The Company's Management Systems are ISO 9001:2008,

ISO 14001: 2004, HACCP Certification and Food Safety Systems certification i.e. ISO:22000:2005 and ISO/TS22002/1 certified, besides the Company's operations have been approved by the best multinationals operating in the country.

### **DIRECTORS**

The nomination of Mr. Sanjeev Kumar Bajaj was withdrawn by PNB and consequently he ceased to be a Director w.e.f. 13<sup>th</sup> December, 2017. Your directors place on record their high appreciation for the contribution made by Mr. Sanjeev Kumar Bajaj during his tenure as Director of the Company.

Mr. Ashwani Kumar Aggarwal (DIN:00486430) shall retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

### **KEY MANAGERIAL PERSONNEL**

Mr. Krishan Kumar Goyal (Chairman and Managing Director), Mr. Ashwani Kumar Aggarwal (Whole time Director), Mr. Mukesh Sehgal (Chief Financial Officer), Ms. Anubha Garg (Company Secretary resigned on 8<sup>th</sup> November, 2017) and Ms. Heena Garg (Company Secretary joined on 2<sup>nd</sup> April, 2018) are the KMP of your Company in accordance with the provisions of Section 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **BOARD MEETINGS**

During the year, five Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

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

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for FY 2017-18. Led by the Nomination and Remuneration Committee ('NRC'), the evaluation was carried out using individual questionnaires covering composition of Board, conduct as per Company values & beliefs, contribution towards development of strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

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

### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received the necessary declaration from each Independent Director in accordance with Section 149 (7) of the Companies Act, 2013, that they meet the criteria of independence as laid out in Sub Section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Company has a policy for formation of the Board to have Executive Directors and Independent Directors of diverse background to maintain the independence of the Board. As on 31st March, 2018, the Board consists of six members out of which two are Executive Directors and four are Independent Directors.

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

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

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

### **AUDIT COMMITTEE**

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

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



Further details of the Audit Committee and its terms of reference etc. have been furnished in Corporate Governance Report which forms part of this report.

During the Financial Year 2017-18 under review, all recommendations of the Audit Committee were accepted by the Board of Directors of the Company.

## **AUDITORS**

### **Statutory Auditors**

In the 24<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2016, M/s. Aaryaa & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of 27<sup>th</sup> AGM to be held in the year 2019, subject to the ratification by the members at every Annual General Meeting.

However, the ratification of their appointment, pursuant to Section 139 of the Companies Act, 2013, is not required, in terms of Notification No. S.O. 1833(E) dated May 7, 2018, issued by the Ministry of Corporate Affairs and accordingly, the item has not been included in the Ordinary Business of the AGM Notice.

### **Cost Auditors**

The Board of Directors have approved the appointment and remuneration of M/s. Aggarwal Vimal & Associates as Cost Auditors of the Company to conduct the cost audit for the year 2018-19 on the recommendations of the Audit Committee subject to the ratification of the remuneration by the Shareholders.

### **Secretarial Auditors**

The Secretarial Audit Report issued by M/s. B.K. Gupta & Associates, Company Secretaries in Form MR-3 for the Financial Year ended 31<sup>st</sup> March, 2018 is annexed herewith as Annexure 'A' to this report.

## **AUDITOR'S REPORT**

The Auditor's Report contains the qualification as follows:

Director's remuneration is not admissible as prescribed in Sec-197 of Companies Act, 2013 if there are no profits or profits are inadequate except in accordance with the provision of Schedule V and if it is not able to comply with such provisions, the prior approval of central government is required.

The Company is not eligible to pay director remuneration for non-compliance of conditions prescribed in Schedule V of the Companies Act, 2013. The company during the year has given the following directors remuneration:

<b>S. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Remuneration (₹)</b>
1.	Mr. Krishan Kumar Goyal	Chairman & Managing Director	30,00,000
2.	Mr. Ashwani Kumar Aggarwal	Executive Director	25,48,884*

\*Remuneration is inclusive of perks and excluding provident fund.

Prior approval from Central Government for inability to comply with the said conditions has however, not been taken. An application for approval however has been made to the central government by the company on 27-06-2017 passed in the board meeting and by Nomination & Remuneration Committee on 27-05-2017. As informed by the management the decision on the said approval is awaited.

## **MANAGEMENT'S REPLY:**

The Company has paid managerial remuneration amounting to Rs. 55,48,884/- to directors, for which the company has yet to receive approval from Central Government. The Company has already applied for the approval to Central Government, decision is awaited. Management undertakes that in case the approval is not received from the Central Government, they shall refund the remuneration paid to them by the Company. Profitability of the company shall affect to the same extent.

## **RISK MANAGEMENT**

The Company recognises that risk is an internal and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company has formulated Risk Management Policy to identify and then manage threats / risks that could have impact on the goals and objectives of the Company.

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

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated Vigil Mechanism/Whistle Blower Policy which provides a robust framework for dealing with genuine concerns and grievances. Your Company has an ethics hotline which

can be used by employees, Directors, suppliers, dealers etc. to report any violations to the Code of Conduct. Specifically, employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. During financial year 2017-18, no complaints were received.

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

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

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

The management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Regulation 17 of SEBI Regulations, 2015) as of 31<sup>st</sup> March, 2018. The assessment involved self review and external audit.

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

The Audit Committee reviews reports submitted by the management and audit reports submitted by internal auditors and Statutory Auditors. Suggestions for improvement are considered and the Audit Committee follows up on corrective action. Based on its evaluations (as defined in Section 177 of Companies Act, 2013 and Regulation 18 of SEBI Regulations, 2015), the Audit Committee has concluded that, as of 31<sup>st</sup> March, 2018, the internal financial controls were adequate and operating effectively.

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

There are no adverse material changes or commitments occurring after 31<sup>st</sup> March, 2018, which may affect the financial position of the Company.

#### **FIXED DEPOSITS**

Your Company did not invite or accept any fixed deposit pursuant to provisions of Chapter V of The Companies Act, 2013, during the year.

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

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the Financial Statements provided in this Annual Report.

#### **RELATED PARTY TRANSACTIONS**

All contracts or arrangements entered into by the Company with Related Parties have been done at an arm's length and are in the ordinary course of business. Related Party disclosures as per AS-18 have been provided in the Notes to the Financial Statement. During financial year 2017-18, your company has not entered into any contract/arrangement/transaction with related parties which could be considered 'material' in accordance with its Policy on Materiality of Related Party Transactions. Thus, there are no transactions required to be reported in Form AOC-2.

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

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

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

The extract of annual return as provided under Section 92(3) is annexed herewith as Annexure 'B'.

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

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

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

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



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

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

As per the said Policy, an Internal Complaints Committee is also in place to redress complaints received regarding sexual harassment. No complaints were received during financial year 2017-18.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the loss of the Company for the year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts are prepared on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**APPRECIATION**

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

By order of the Board of Directors  
For Modern Dairies Limited

Krishan Kumar Goyal  
Chairman and  
Managing Director  
DIN: 00482035

Place: Chandigarh

Dated: 11<sup>th</sup> August, 2018

**MANAGEMENT DISCUSSION AND ANALYSIS  
INDUSTRY STRUCTURE & DEVELOPMENTS**

India milk production is estimated to have increased by 6.6% to 176.35 million tons during the last financial year. Milk production in the country is 165.4 million tons during 2016-17 and 176.35 million tons (provisional) during 2017-18.

With the rapid transformation of the Indian consumers happening in terms of their habits and requirements, there is an exponential growth in the demand of branded milk, fermented milk products and other Value Added Dairy Products like Cheese, Paneer, Yoghurt and Flavored Milk etc.

**OPPORTUNITIES AND THREATS**

With the rising disposable income of the Indian consumers, the markets witness increase in consumer willingness to go in for branded packaged dairy products with assurance of quality. There is a wide scope for companies having good brand image with impeccable packing and quality of the product. The growth in demand of Value Added Dairy Products has created ample opportunities for organized dairy plants to introduce products to meet consumer aspirations.

On the international front the commodity prices continue to be low, thereby making the export from India unviable at present.

**RISK AND CONCERN**

Like any agro based industry, the dairy industry is also dependent on the vagaries of nature which affect the



production of milk. The milk being perishable can't be stored for processing at a later stage.

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

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

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

#### **FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS**

During the year under review, the Company achieved Net Sales and Other Income of Rs. 46729 Lakhs as against Rs. 45774 Lakhs in the previous year.

The Company is still facing the uneconomical situation for manufacture of export dependent product casein, which was non- operational most of the time due to high domestic milk prices and low international prices of Casein.

Looking to the market situation, company focused on domestic products. Operational team is putting best efforts to increase its presence in the domestic market. The Company products are very well accepted in the market. The company hopes to improve its sales volumes and margins with these efforts in the time to come.

As stated above, the company continues to focus on sale of Fresh Dairy Products like milk in sachets and fermented

dairy products. The team is continuously striving to improve the operations and performance through sale of these products in the Modern Dairies Brand.

In general, with the improved spending power of the consumers the domestic market particularly for fresh dairy products is growing.

Further, the company is already doing private label work for leading institutions and operating team is working to enhance its volumes with the esteemed customers.

It is important that with normal rainfall expected during this year, the production and availability of milk is expected to be good.

#### **HUMAN RESOURCES**

The Company regards its employees as valuable asset and continuously reviews and evolves policies and procedures to attract and retain its pool of technical and managerial personnel through a conducive work environment.

#### **CAUTIONARY STATEMENT**

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

By order of the Board of Directors  
For Modern Dairies Limited

Krishan Kumar Goyal  
Chairman and  
Managing Director  
DIN: 00482035

Place: Chandigarh  
Dated: 11<sup>th</sup> August, 2018



## ANNEXURE 'A' TO DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018

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

To

The Members  
Modern Dairies Limited  
136 K.M., G.T. Road, Karnal  
Haryana- 132001

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

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; N.A to the company during the audit period;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)

Regulations, 2011; N.A to the company during the audit period;

- (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable during the audit period;
  - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999-Not applicable during the audit period;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-Not Applicable during the audit period;
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable during the audit period; and
  - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-Not Applicable during the audit period.
- (vi) We have relied on the representation made by the Company & its Officers for system and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws as per list attached herewith. We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

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

#### **We further report that**

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

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

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

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

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

For B.K. Gupta & Associates  
Company Secretaries

Sd/  
(Bhupesh Gupta)

Place: Chandigarh  
Date: 9<sup>th</sup> August, 2018

FCS No.:4590  
CP No.:5708

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

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

##### **List of Labour Laws**

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

##### **List of Environmental Laws**

Environment (Protection) Act, 1986  
The Public Liability Insurance Act, 1991  
Water (Prevention and Control of Pollution) Act, 1974  
Air (Prevention and Control of Pollution) Act, 1981  
Hazardous Waste (Management, Handling and Transboundary Movements) Rules, 2008

##### **Other Laws**

Food Safety Standard Act, 2006

#### **Annexure:-A**

To  
The Members  
Modern Dairies Limited  
136 K.M., G.T. Road, Karnal  
Haryana- 132001

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

For B.K. Gupta & Associates  
Company Secretaries

Sd/  
(Bhupesh Gupta)

Place: Chandigarh  
Date: 9<sup>th</sup> August, 2018

FCS No.:4590  
C P No.:5708

**ANNEXURE 'B' TO DIRECTORS' REPORT****Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31st March, 2018**

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

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Name and Description of main products	NIC Code of the Product	% to total turnover of the Company
1. Liquid Milk	10501	64%
2. Pure Desi Ghee	10504	19%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - Nil****IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	7933887	0	7933887	34.02%	7933887	0	7933887	34.02%	-
b) Bodies Corp.	2720892	0	2720892	11.67%	2720892	0	2720892	11.67%	-
<b>Total Shareholding of Promoter (A)</b>	<b>10654779</b>	<b>0</b>	<b>10654779</b>	<b>45.69%</b>	<b>10654779</b>	<b>0</b>	<b>10654779</b>	<b>45.69%</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April, 2017)				No. of Shares held at the end of the year (as on 31st March, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	9400	9400	0.04%	-	9400	9400	0.04%	-
b) Others - FFI (IFC)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	<b>9400</b>	<b>9400</b>	<b>0.04%</b>	-	<b>9400</b>	<b>9400</b>	<b>0.04%</b>	-
2. Non-Institutions									
a) Bodies Corp- Indian	1121077	14900	1135977	4.87%	924809	14900	939709	4.03%	-0.84%
b) Individuals shareholders									
i) Holding nominal share capital upto Rs. 1 lakh	5572654	1756577	7329231	31.43%	5637049	1722177	7359226	31.56%	0.13%
ii) holding nominal share capital in excess of Rs 1 lakh	3354712	12600	3367312	14.44%	3883026	12600	3895626	16.71%	2.27%
c). Others - NRIs	738462	84700	823162	3.53%	377821	83300	461121	1.98%	-1.55%
<b>Sub-total (B)(2):-</b>	<b>10786905</b>	<b>1868777</b>	<b>12655682</b>	<b>54.27%</b>	<b>10822705</b>	<b>1832977</b>	<b>12655682</b>	<b>54.27%</b>	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>10786905</b>	<b>1878177</b>	<b>12665082</b>	<b>54.31%</b>	<b>10822705</b>	<b>1842377</b>	<b>12665082</b>	<b>54.31%</b>	-
<b>Grand Total (A+B)</b>	<b>21441684</b>	<b>1878177</b>	<b>23319861</b>	<b>100.00%</b>	<b>21477484</b>	<b>1842377</b>	<b>23319861</b>	<b>100.00%</b>	-

## (ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year as on 1st April, 2017			Share holding at the end of the year as on 31st March, 2018			% change in share holding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged to total shares	
1. Alka Goyal	2828972	12.13%	100%	2828972	12.13%	100%	-
2. Krishan Kumar Goyal	2297343	9.85%	100%	2297343	9.85%	100%	-
3. Krishan Kumar Goyal (HUF)	1280000	5.49%	100%	1280000	5.49%	100%	-
4. Aditya Goyal	878772	3.77%	100%	878772	3.77%	100%	-
5. Chandigarh Finance Pvt. Ltd.	771892	3.31%	100%	771892	3.31%	100%	-
6. Shree Ganesh Invest. & Inds. Ltd.	720000	3.09%	100%	720000	3.09%	100%	-
7. Times Finvest and Commerce Ltd	670000	2.87%	100%	670000	2.87%	100%	-
8. Nabha Commerce Pvt. Ltd.	527600	2.26%	100%	527600	2.26%	100%	-
9. Amarjit Goyal	500200	2.14%	100%	500200	2.14%	100%	-
10. Amarjit Goyal (HUF)	150000	0.64%	100%	150000	0.64%	100%	-
11. Bharat Forgings Pvt. Ltd	30000	0.13%	100%	30000	0.13%	100%	-
<b>TOTAL</b>	<b>10654779</b>	<b>45.69%</b>	<b>100%</b>	<b>10654779</b>	<b>45.69%</b>	<b>100%</b>	-



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

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

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

Name of the shareholder	Shareholding at the beginning of the year as on 1 <sup>st</sup> April, 2017		Purchase during the year	Sales during the year	Cumulative shareholding at the end of the year as on 31 <sup>st</sup> March, 2018	
	No. of shares	% of total shares of the company	No. of shares	No. of shares	No. of shares	% of total shares of the company
1. Shyamadevi Omprakash Agrawal	603150	2.59%	-	-	603150	2.59%
2. Rachnadevi Raju Agarwal	210850	0.90%	-	-	210850	0.90%
3. Brijeshkumar Patel*	-	-	-	-	132966	0.57%
4. Ajay Goyal	132371	0.57%	-	-	132371	0.57%
5. Vijay Garg	125089	0.54%	-	-	125089	0.54%
6. Usha Singal	122287	0.52%	-	-	122287	0.52%
7. Sunaina Nareshkumar Saraf*	-	-	-	-	107998	0.46%
8. Govindbhai Laljibhai Kakadia*	-	-	-	-	107574	0.46%
9. Suresh Poonati	422347	1.81%	-	317345	105002	0.45%
10. Arcadia Share & Stock Broker P Ltd	110860	0.48%	-	6292	104568	0.45%
11. Sanjay Goyal#	78644	0.34%	-	-	78644	0.34%
12. Veenu Garg#	75565	0.32%	-	-	75565	0.32%
13. Veda Equity Services Private Limited#	83700	0.36%	-	73700	10000	0.04%

Note:

\*Not in the list of top 10 shareholders as on 01/04/2017. The same has been reflected above since the shareholders were one of the top ten shareholders as on 31/03/2018.

#Ceased to be in the list of top 10 shareholders as on 31/03/2018. The same is reflected above since the shareholders were one of the top 10 shareholders as on 01/04/2017.

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

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

**V. INDEBTEDNESS**

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

₹ in Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year as on 1st April,2017</b>				
i) Principal Amount	11,940.37	5,741.99	-	17,682.36
ii) Interest due but not paid	81.79	-	-	81.79
iii) Interest accrued but not due	29.34	-	-	29.34
<b>Total (i+ii+iii)</b>	<b>12,051.50</b>	<b>5,741.99</b>	<b>-</b>	<b>17,793.49</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	-	-	-
- Reduction	337.38	675.99	-	1,013.37
<b>Net Change</b>	<b>(337.38)</b>	<b>(675.99)</b>	<b>-</b>	<b>(1,013.37)</b>
<b>Indebtedness at the end of the financial year as on 31st March,2018</b>				
i) Principal Amount	11,632.34	5,066	-	16,698.34
ii) Interest due but not paid	81.78	-	-	81.78
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>11,714.12</b>	<b>5,066.00</b>	<b>-</b>	<b>16,780.12</b>

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

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

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

**NIL**

By order of the Board of Directors  
For Modern Dairies Limited

Krishan Kumar Goyal  
Chairman and Managing Director

DIN: 00482035

Place: Chandigarh  
Dated: 11th August, 2018

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

Information as per Section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2018.

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

	<b>Current Year 2017-18</b>	<b>Previous Year 2016-17</b>
<b>POWER</b>		
<b>a) Electricity Power</b>		
Purchase Units (Kwh)	1,28,74,680	1,36,71,120
Total Amount Rs.	10,13,28,802	10,82,46,986
Rate per Unit Rs.	7.87	7.92
<b>b) Other Generation</b>		
<b>Through Diesel Generator</b>		
Unit (Kwh)	55,061	1,58,209
Total Amount Rs.	9,30,402	21,63,384
Unit per litre of Diesel Oil	3.24	3.26
Cost / Unit Rs.	16.90	13.67
<b>FUEL</b>		
Quantity (MT)	17,662	17,923
Total Amount Rs.	5,85,54,203	4,49,35,293
Rate / Unit Rs. per MT	3,315.22	2,507.04

**B) CONSUMPTION PER UNIT OF PRODUCTION**

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

Unit per 1000 kgs. of milk processed

Electricity (kwh)	100.50	112.56
Fuel Quantity (Kgs.)	122.42	136.33

**NOTE :**

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

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

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

**2. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

By order of the Board of Directors  
For Modern Dairies Limited

Krishan Kumar Goyal  
Chairman and Managing Director  
DIN: 00482035

Place: Chandigarh  
Dated: 11th August, 2018



## CORPORATE GOVERNANCE REPORT

In line with the requirement for providing a "Report on Corporate Governance" as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Stock Exchange as applicable, given below is a Report on Company's Corporate Governance norms:

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

Modern Dairies Limited is committed in adopting the best practices of Corporate Governance. The Company endeavors to act on the principles of transparency, accountability, trusteeship, integrity and passion. The ultimate objective being of realizing long term shareholders values, while taking into account the interest of other stakeholders.

### 2. BOARD OF DIRECTORS

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

A list of Directors including the Chairman of the Board and their status as Executive/Non-Executive and Independent/Non- Independent for the year ended on 31<sup>st</sup> March, 2018 is set out below:

Name of the Director	Category of the Director	No. of Board meetings attended	Last AGM attended	No. of other Directorships in Public Company	No. of Committee positions held		Relationship with directors inter-se
					Chairman	Member	
<b>Mr. Krishan Kumar Goyal</b>	Chairman & Mg. Director Non Independent (Promoter) Director	5	Yes	1	-	-	NA
<b>Dr. Bhupendra Nath Mathur</b>	Non Executive Independent Director	3	No	-	-	2	NA
<b>Prof. Satish Kapoor</b>	Non Executive Independent Director	4	Yes	-	2	-	NA
<b>Dr. A.K. Vashisht</b>	Non Executive Independent Director	5	Yes	-	-	1	NA
<b>Dr. Renu Vig</b>	Non Executive Independent Director	3	No	-	-	-	NA
<b>Mr. Sanjeev Kumar Bajaj *</b>	Non Executive (Nominee) Director	0	No	-	-	-	NA
<b>Mr. A.K. Aggarwal</b>	Non Independent Executive Director	5	Yes	-	-	2	NA

\* The nomination of Mr. Sanjeev Kumar Bajaj was withdrawn by PNB and consequently he ceased to be a Director w.e.f. 13th December, 2017.

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

#### B. Board Meetings and Attendance

During the financial year ended on 31st March, 2018, five meetings of Board of Directors were held. The details of Board Meetings held during the year are as under:

Date of Board Meeting	Board's Strength	No. of Directors Present
27 <sup>th</sup> May, 2017	6	5
4 <sup>th</sup> August, 2017	7	5
11 <sup>th</sup> September, 2017	7	4
13 <sup>th</sup> December, 2017	6	5
14 <sup>th</sup> February, 2018	6	6

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



## 3. AUDIT COMMITTEE

### a. Terms of reference of Audit Committee

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

### **The audit committee shall mandatorily review the following information:**

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;

- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses;
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- (6) statement of deviations:
  - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**b. Composition of Audit Committee**

- i. The Company has an Audit Committee as per provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Section 177 of the Companies Act, 2013. Prof. Satish Kapoor, Dr. Bhupendra Nath Mathur, Dr. A.K. Vashisht and Mr. A.K. Aggarwal are the members of the Committee.
- ii. The Chairperson of the Audit Committee, Prof. Satish Kapoor is a Non Executive Independent Director.
- iii. All of the above Directors are financially literate and have accounting and related financial management expertise.
- iv. The Chairman of the Audit Committee was present at the last Annual General Meeting to answer the Shareholders queries.
- v. The Company Secretary of the Company is the Secretary of the Audit Committee.

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

The Committee met four times during the year on 27<sup>th</sup> May, 2017, 11<sup>th</sup> September, 2017, 13<sup>th</sup> December, 2017 and 14<sup>th</sup> February, 2018. The status of attendance of members at the Audit Committee held during the year 2017-18 is as under:

Name of Director	No. of Meetings held	No. of Meetings attended
Prof. Satish Kapoor	4	4
Dr. Bhupendra Nath Mathur	4	2
Dr. A.K. Vashisht	4	4
Mr. A.K. Aggarwal	4	4

**4. NOMINATION AND REMUNERATION COMMITTEE**

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

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

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

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



## b. Composition of Nomination and Remuneration Committee

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

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

## c. During the year, one meeting of the Committee was held on 27<sup>th</sup> May, 2017.

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

**d. Performance evaluation criteria:** A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for FY 2017-18. Led by the Nomination and Remuneration Committee ('NRC'), the evaluation was carried out using individual questionnaires covering composition of Board, conduct as per Company values & beliefs, contribution towards development of strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

## 5. REMUNERATION OF DIRECTORS

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

### a. Details of Remuneration paid to the Directors during the Financial year ended 31st March, 2018

Amount in Rs.

Name of the Director	Salary	Perquisites	Benefits	Stock Option	Sitting Fee	Total
Mr. Krishan Kumar Goyal	30,00,000	-	-	-	-	30,00,000
Dr. Bhupendra Nath Mathur	-	-	-	-	1,00,000	1,00,000
Prof. Satish Kapoor	-	-	-	-	1,70,000	1,70,000
Dr. A.K. Vashisht	-	-	-	-	1,50,000	1,50,000
Dr. Renu Vig	-	-	-	-	60,000	60,000
Mr. A.K. Aggarwal	24,26,362	1,43,142	-	-	-	25,69,504

b. There was no pecuniary relationship or transactions of the non-executive Directors viz-a-viz the Company.

c. The non-executive Directors are not paid any remuneration except the sitting fees for attending the Board/ Committee meetings.

**6. STAKEHOLDERS RELATIONSHIP COMMITTEE**

- a. The Company has formed a Stakeholders Relationship Committee under the Chairmanship of a non-Executive Independent Director who looks into the redressing of shareholders and investors complaints like transfer of shares, non receipt of Balance Sheet, change of address etc. The list of present members and the Chairman of the Committee is as follows:

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

- b. Ms. Anubha Garg resigned from the post of Company Secretary and Compliance Officer w.e.f 8<sup>th</sup> Nov., 2017 and Ms. Heena Garg joined the company w.e.f 2<sup>nd</sup> April, 2018 as Company Secretary and Compliance Officer.
- c. During the financial year ended 31<sup>st</sup> March, 2018, four meetings of the Stakeholders Relationship Committee were held on 27<sup>th</sup> May 2017, 11<sup>th</sup> September 2017, 13<sup>th</sup> December 2017 and 14<sup>th</sup> February 2018.

Name of Director	No. of Meetings held	No. of Meetings attended
Prof. Satish Kapoor	4	4
Dr. Bhupendra Nath Mathur	4	2
Mr. A.K. Aggarwal	4	4

- d. During the year 2017-2018, the Company has received Nil complaints.

**7. SHARE TRANSFER COMMITTEE**

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

**8. BANKING AND FINANCE COMMITTEE**

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

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

No meeting of the Committee was held during the year.

**9. ALLOTMENT COMMITTEE**

The Company has formed an Allotment Committee under the Chairmanship of Prof. Satish Kapoor, a Non-Executive Independent Director. The composition of the Committee is as follows:

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

The Committee approves the allotment of Securities i.e. Shares/Debentures/Warrants etc. from time to time. During the year, no meeting of the Committee was held.



**10. GENERAL BODY MEETINGS**

**Details of last three Annual General Meetings (AGMs)**

Financial Year	Location	Date	Time
2014-15	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	28 <sup>th</sup> September, 2015	11.00 A.M.
2015-16	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	30 <sup>th</sup> September, 2016	11.00 A.M.
2016-17	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	11 <sup>th</sup> September, 2017	11.00 A.M.

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

Special Resolutions passed in previous three AGMs:

- (i) In the 23rd AGM dated 28th September, 2015, the following Special Resolution was passed:  
Approval of the Material Related Party transactions with Modern Dairy Farms Limited.
- (ii) In the 24th AGM dated 30th September, 2016, the following Special Resolutions were passed:
  - (a) Appointment of M/s. Aaryaa & Associates, Chartered Accountants as Statutory Auditors of the Company and fixation of their remuneration.
  - (b) Approval of change in the terms and conditions of the Optionally Convertible Debentures (OCDs) allotted to State Bank of India.
- (iii) In the 25<sup>th</sup> AGM dated 11<sup>th</sup> September, 2017, the following Special Resolutions were passed:
  - (a) Re-appointment of Mr. Krishan Kumar Goyal as Chairman and Managing Director of the Company.
  - (b) Re-appointment of Mr. Ashwani Kumar Aggarwal as Executive Director of the Company.

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

**11. MEANS OF COMMUNICATION**

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

**Website:** www.moderndairies.com

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

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

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

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

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

## GENERAL SHAREHOLDER INFORMATION

### 1. Company Registration Details:

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

### 2. Annual General Meeting:

Day, Date & Time: Friday, the 28<sup>th</sup> September, 2018 at 11:00 A.M.

Venue: 136 K.M., G.T. Road, Karnal 132 001 (Haryana)

### 3. Financial Calendar for:

Adoption of Results for the quarter ended:-	In the Month of (tentative)
30 <sup>th</sup> June, 2018	August, 2018 (2nd week)
30 <sup>th</sup> September, 2018	November, 2018 (2nd week)
31 <sup>st</sup> December, 2018	February, 2019 (2nd Week)
31 <sup>st</sup> March, 2019	May, 2019
Annual General Meeting	By September, 2019

### 4. Book Closure Date:

From 21<sup>st</sup> September, 2018 to 28<sup>th</sup> September, 2018 (both days inclusive)

### 5. Listing on Stock Exchanges:

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

### 6. Stock Code:

BSE: 519287

ISIN No. Equity: INE617B01011

Optionally Convertible Debentures (OCDs): INE617B08016

### 7. Stock Data:

Month	MODERN DAIRIES LTD. ON BSE				BSE SENSEX		
	High Rs.	Low Rs.	Close Rs.	Volume	High	Low	Close
<b>2017</b>							
April	18.75	11.11	15.81	2938529	30184.22	29241.48	29918.40
May	24.65	14.10	19.75	6912253	31255.28	29804.12	31145.80
June	21.00	14.50	15.80	1061438	31522.87	30680.66	30921.61
July	17.00	12.90	13.05	537519	32672.66	31017.11	32514.94
August	15.66	10.11	12.29	483289	32686.48	31128.02	31730.49
September	15.20	9.81	10.37	431626	32524.11	31081.83	31283.72
October	10.41	8.80	9.40	193057	33340.17	31440.48	33213.13
November	10.30	8.68	9.73	225143	33865.95	32683.59	33149.35
December	10.21	8.71	9.39	354703	34137.97	32565.16	34056.83
<b>2018</b>							
January	12.85	9.15	9.80	496094	36443.98	33703.37	35965.02
February	10.54	8.32	8.85	205590	36256.83	33482.81	34184.04
March	9.17	6.64	6.80	332280	34278.63	32483.84	32968.68



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

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

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

**9. Share Transfer System:**

92.10% of the equity shares of the Company are in the electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with M/s. MCS Share Transfer Agent Limited or with Company at their mentioned addresses.

**10. Distribution of Shareholdings as on 31<sup>st</sup> March, 2018:**

SHAREHOLDING		SHAREHOLDERS		NO. OF SHARES	
From	To	Number	% of total	Number	% of total
1	500	11900	79.98	2624645	11.26
501	1000	1519	10.21	1271587	5.45
1001	2000	667	4.48	1072575	4.60
2001	3000	248	1.67	645152	2.77
3001	4000	102	0.69	366903	1.57
4001	5000	126	0.85	599314	2.57
5001	10000	165	1.11	1265146	5.43
10001	50000	117	0.79	2398118	10.28
50001	100000	11	0.07	699987	3.00
100001	And above	23	0.15	12376434	53.07
TOTAL		14878	100.00%	23319861	100.00%



**Shareholding Pattern of the Company as on 31<sup>st</sup> March, 2018:**

Category	No. of shares held	%age of shareholding
1. Promoters & Promoter Group	10654779	45.7%
2. Mutual Funds & Banks	9400	0.04%
3. Bodies Corporate (not included above)	3119083	13.4%
4. Indian Public	9075478	38.9%
5. NRIs/OCBs	461121	1.98%
TOTAL	23319861	100.00%

**11. Dematerialisation of Shares:**

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

Share Dematerialisation record: The following data indicates the extent of Dematerialization of Company's shares as on 31<sup>st</sup> March, 2018:

No. of Shares: 21477484	92.10% of the total equity.
-------------------------	-----------------------------

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

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

**13. Correspondence Address:**

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

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

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

**14. Other Disclosures:**

- Disclosure on materially significant related party transactions: Nil
- Details of non compliance by listed Company, penalties: Nil
- Detail of establishment of vigil mechanism, whistle blower policy:  
 The Company has established a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Directors and employees to report concerns about unethical behavior. No person is denied access to the Chairman of the Audit Committee.
- Details of compliance with mandatory requirements:  
 The Company is complying with all the mandatory requirements as given by Stock Exchange/Registrar of Companies.
- The Company is not having any subsidiary, therefore no policy for determining material subsidiaries.



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

The Shareholders,

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

Sd/-

Krishan Kumar Goyal

Chairman and Managing Director

Place : Chandigarh

Date : 11<sup>th</sup> August, 2018

DIN: 00482035

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

To,  
The Members of  
Modern Dairies Limited

We have examined the compliance of the conditions of the Corporate Governance by Modern Dairies Limited for the year ended 31st March, 2018, as stipulated in Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

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

For B.K. Gupta and Associates  
Company Secretaries

Sd/-

(Bhupesh Gupta)

FCS- 4590

CP-5708

Place: Chandigarh

Date: 11<sup>th</sup> August, 2018

**INDEPENDENT AUDITORS' REPORT**

To

The Members of Modern Dairies Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Modern Dairies Limited, which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

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

**Auditors' Responsibility**

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

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

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

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

**Opinion**

We have audited the standalone financial statements of Modern Dairies Limited ("the Company"), which comprise the balance sheet as at March 31, 2018, and the statement of Profit and Loss, (statement of changes in equity) and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report and Emphasis of Matters, the aforesaid financial statements give a true and fair view of in conformity with the accounting principles, of the state of affairs of the Company as at March 31st, 2018 and profit/loss, (changes in equity) and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

1. *Director's remuneration is not admissible as prescribed in Sec-197 of companies Act, 2013 if there are no profits or profits are inadequate except in accordance with the provision of Schedule V and if it is not able to comply with such provisions, the prior approval of central government is required.*

*The Company is not eligible to pay director remuneration for non-compliance of conditions prescribed in schedule V of the companies Act, 2013. The company during the year has given the following director remuneration*



S. no.	Name	Designation	Remuneration
1.	Mr. Krishan Kumar Goyal	Chairman & Managing Director	30,00,000
2.	Mr. Ashwani Kumar Aggarwal	Executive Director	25,48,884

*\*Remuneration is inclusive of Perks & excluding Provident Fund.*

*Prior approval from central government for inability to comply with the said conditions has however not been taken. An application for approval however has been made to the central government by the company on 27-06-2017 passed in the board meeting and by Nomination & Remuneration Committee on 27-05-2017. As informed by the management the decision on the said approval is awaited.*

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## EMPHASIS OF MATTER

### 1. Interest on Non-Convertible Debentures:

The Company's Corporate Debt Restructuring (CDR) package was approved by Corporate Debt Restructuring Empowered Group (CDREG) vide letter dated 19 October 2011. As per CDR approval, at the end of two years i.e. 1 April 2013, outstanding balance of Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) taken from respective banks has been converted into 496,530,325 unsecured optionally convertible debentures (OCD) at a coupon rate of 0.001%. The said OCDs had an option of conversion into equity during 18 months from date of allotment of OCD as per then applicable SEBI guidelines. Since the conversion could not take place because of the issue of conversion price and as suggested by the lenders, the Company proposed to increase the rate

of interest from its existing level of 0.001% to Coupon rate at 5 year G-Sec or 8.00% p.a. whichever is higher, in lieu of conversion. State Bank of India vide its letter dated 31 July 2015 has already conveyed its approval for increase in the interest rate in lieu of conversion and the proposal is under consideration of Punjab National Bank and Canara Bank. Any change in the terms of issue will require the approval of shareholders at the general meeting. The proposal has been accepted by the State Bank of India. However, the company has still not provided for any interest payable to state bank of India in the books of accounts due to the reason as explained in point no. 2 below. Such interest amounts to Rs. 0.66 Crores which has resulted in the understatement of current liabilities and losses by Rs. 0.66 Crores

### 2. Interest provisioning on facilities from Consortium banks:

The Company's various credit facilities have been declared "Non-Performing Assets" by its respective banks. There is a usual practice that banks discontinue to account for as "income" in respect to the accrued interest on such assets, subsequent to the declaration of these as "Non-performing assets". The bankers of the company too have not accounted as "income" in respect to the interest subsequent to NPA declaration date. In order to achieve the desired congruency on this issue & uncertainty of the amount liable to be paid, the management of the company has not provided for such interest i.e. interest on credit facilities subsequent to the date of declaration of these credit facilities as non-performing. Such interest amounts to Rs.21.19 Crores which has resulted in the understatement of current liabilities and losses by Rs.21.19 Crores.

### 3. Statement on Impact of above qualification for the Financial Year ended March 31,2018.

S. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Amt in Cr.)	Adjusted Figures (audited figures after adjusting for qualifications) (Amt in Cr.)
1	Turnover/ Total Income	467.29	467.29
2	Total Expenditure	485.86	507.71
3	Net Profit/ (Loss)	(18.57)	(40.42)
4	Earnings Per Share	(7.96)	(17.33)
5	Total outside Liabilities	321.58	343.43

\*The above calculation is based only after giving effect of OCD and NPA interest.

#### 4. Reclassification of OCDs and Long Term Loans into current liabilities

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

#### Material Uncertainty related to Going-Concern

The preparation of the financial statements is done on going concern basis, consequently assets and liabilities are being carried at their book value. We draw attention to the financial statements, which indicates that the company had accumulated losses and has also incurred losses during the financial year ended 31<sup>st</sup> March 2018. As on date, the Company's current liabilities exceeded its current assets and the Company's net worth has also been eroded. There are negative operating cash flows indicated by historical financial statements, adverse key financial ratios, and inability to comply with the term loan agreements. These conditions indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern. 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 sub-section (11) of section 143 of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - ii. The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For AARYAA & Associates  
Chartered Accountants

CA Harsharanjit Singh Chahal  
Partner

Place : Chandigarh

Membership no. 091689

Date: 29<sup>th</sup> June, 2018 (Firm Registration No. 015935N)



## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of the company for the year ended 31st March, 2018. To the best of our knowledge and belief and information & explanation given to us, we further report that:-

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

### Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹) in lakhs	Amount paid under protest (₹) in lakhs	Period to which the amount relates	Forum where dispute is pending
The Haryana Murrah Buffalo and Other Milk Animal Breed(Preservation and Development of Animal Husbandry and Dairy Development Sector)Act, 2001	Milk Cess	1742.91	5,91.00	2001-02 to 2016-17	Hon'ble Supreme Court of India
The Haryana Murrah Buffalo and Other Milk Animal Breed(Preservation and Development of Animal Husbandry and Dairy Development Sector)Act, 2001	Interest on milk cess	2022.04	-	2001-02 to 2016-17	Hon'ble Supreme Court of India
Central Excise Act, 1944	CENVAT credit interest	82.4	82.4	2005-06, 2006-07	Custom Excise and Service Tax Appellate Tribunal.
Central Excise Act, 1944	CENVAT credit interest credit,	1,78.85	15	2007-08 to 2009-10	Custom Excise and Service Tax Appellate Tribunal.

Name of the statute	Nature of dues	Amount (₹) in lakhs	Amount paid under protest (₹) in lakhs	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Penalty and redemption fine	10.6	10.6	2011-12	Commissioner of Customs (Appeals)
Haryana Tax on Entry of Goods into Local Areas Act, 2003	Entry Tax	164.58	-	2007-08 to 2018-19	Hon'ble Supreme Court of India Supreme

During the year ended 31 March 2018, the Company has defaulted on timely payment of principal and interest on term loans and cash credits and The lender wise details with respect to amount outstanding as on 31.03.2018 is as under:

Sr. No.	Name of the bank	Amount of default (in lakhs)	Date of default
1	Punjab National Bank	6591.68	30.11.2015
2	State Bank of India	3252.04	30.11.2015
3	Canara Bank	1870.39	31.10.2015

\*It doesn't include interest of Rs.1671.35 lakhs not provided in books regarding various loans and non- convertible debentures till 31st march 2018.

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

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

CA Harsharanjit Singh Chahal  
Partner  
Membership No. 091689

Place: Chandigarh  
Dated: 29<sup>th</sup> June, 2018





## **Annexure II**

### **Annexure to the Independent Auditor's Report of even date to the members of Modern Dairies Limited, on the financial statements for the year ended 31st March, 2018**

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

1. In conjunction with our audit of the financial statements of Modern Dairies Limited ("the Company") as of and for the year ended 31<sup>st</sup> March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

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

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

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

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

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Indian Accounting Standards. A Company's IFCoFR includes those policies and procedures that
  - (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Indian Accounting Standards, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the company; and
  - (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA Harsharanjit Singh Chahal  
Partner  
Membership No. 091689

Place: Chandigarh  
Dated: 29<sup>th</sup> June, 2018



## BALANCE SHEET AS AT MARCH 31, 2018

Particular	Notes	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs	As at March 31, 2016 Amount in ₹ Lakhs
<b>I ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, Plant and Equipment	III	76,77.01	78,69.72	78,93.22
(b) Capital work-inprogress		29.64	28.59	22.36
(c) Other Intangible assets	III	9.25	3.20	2.15
(d) Financial Assets				
(i) Investments	IV	1.64	1.31	1.16
(ii) Loans	V	8,35.08	8,28.53	8,09.51
		<u>85,52.62</u>	<u>87,31.35</u>	<u>87,28.40</u>
<b>2 Current assets</b>				
(a) Inventories	VI	15,97.66	33,78.24	45,37.87
(b) Financial Assets				
(i) Trade receivables	VII	9,51.10	27,58.40	30,42.56
(ii) Cash and cash equivalents	VIII	2,62.84	1,17.38	6,25.11
(iii) Loans	IX	0.19	0.15	26.42
(c) Other current assets	X	3,16.85	3,52.78	4,50.98
		<u>31,28.64</u>	<u>66,06.95</u>	<u>86,82.94</u>
<b>Total Assets</b>		<u>1,16,81.26</u>	<u>1,53,38.30</u>	<u>1,74,11.34</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share capital	XI	23,35.89	23,35.89	23,35.89
(b) Other Equity	XII	<u>(1,11,31.72)</u>	<u>(92,78.03)</u>	<u>(81,39.19)</u>
		<u>(87,95.83)</u>	<u>(69,42.14)</u>	<u>(58,03.30)</u>
<b>LIABILITIES</b>				
<b>Non-Current liabilities</b>				
(a) Financial Liabilities				
- Borrowings	XIII	1,00.70	1,07,99.81	84,80.37
(b) Provisions	XIV	76.75	68.27	68.73
		<u>1,77.45</u>	<u>1,08,68.08</u>	<u>85,49.10</u>
<b>3 Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	XVI	-	68,82.55	69,59.95
(ii) Trade payables	XVII	17,93.02	24,77.90	29,01.49
(iii) Other financial liabilities (other than those specified in item (c))	XVIII	1,66,87.40	2,08.05	10,73.65
(b) Other current liabilities	XIX	2,65.56	3,02.00	21,96.68
(c) Provisions	XX	15,53.66	15,41.86	15,33.77
		<u>2,02,99.64</u>	<u>1,14,12.36</u>	<u>1,46,65.54</u>
<b>Total Equity and Liabilities</b>		<u>1,16,81.26</u>	<u>1,53,38.30</u>	<u>1,74,11.34</u>

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

For **AARYAA & Associates**

Chartered Accountants

**CA Harsharanjit Singh Chahal**  
Partner

Place : Chandigarh  
Date: 29<sup>th</sup> June, 2018

For & on behalf of the Board of Directors

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

**Mukesh Sehgal**  
(Chief Financial Officer)

**Satish Kapoor**  
(Director)  
(DIN: 00009122)

**Heena Garg**  
(Company Secretary)  
Place: Chandigarh  
Date: 29<sup>th</sup> June, 2018

## STATEMENT OF PROFIT &amp; LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Notes	For the period ended 31 March 2018 Amount in ₹ Lakhs	For the year ended 31 March 2017 Amount in ₹ Lakhs
<b>I REVENUE</b>			
Revenue From Operations	XXI	4,66,81.08	4,57,33.89
Other Income	XXII	47.80	39.91
Total Income (I+II)		4,67,28.88	4,57,73.80
<b>II EXPENSES</b>			
Cost of materials consumed	XXIII	4,27,20.93	4,18,26.93
Changes in inventories of finished goods, Stock-in-Trade and work-inprogress	XXIV	15,08.68	8,79.65
Employee benefits expense	XXV	8,69.98	8,37.08
Finance costs	XXVI	30.61	16,67.40
Depreciation and amortization expense	XXVII	5,13.56	5,06.73
Other expenses	XXVIII	29,41.99	25,66.58
<b>Total expenses (IV)</b>		4,85,85.75	4,82,84.37
<b>III Profit/(loss) before exceptional items and tax (I- II)</b>		(18,56.87)	(25,10.57)
<b>IV Exceptional Items</b>		-	13,70.78
<b>V Profit/(loss) before tax (III-IV)</b>		(18,56.87)	(11,39.79)
<b>VI Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax	XV	-	-
<b>VII Profit/(loss) for the period (V+VI)</b>		(18,56.87)	(11,39.79)
<b>VIII Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss		3.18	0.95
<b>IX Total Comprehensive Income for the period (VIII+IX)(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		(18,53.69)	(11,38.84)
<b>X Earnings per equity share (for continuing operation):</b>			
(1) Basic		(7.96)	(4.89)
(2) Diluted		(7.96)	(4.89)
<b>XI Earnings per equity share (for discontinued &amp; continuing operations)</b>			
(1) Basic		(7.96)	(4.89)
(2) Diluted		(7.96)	(4.89)

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

**For AARYAA & Associates**  
Chartered Accountants

**CA Harsharanjit Singh Chahal**  
Partner

Place : Chandigarh  
Date : 29<sup>th</sup> June, 2018

**For Modern Dairies Limited**

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

**Mukesh Sehgal**  
Chief Financial Officer

**Satish Kapoor**  
(Director)  
(DIN: 00009122)

**Heena Garg**  
(Company Secretary)

Place : Chandigarh  
Date : 29<sup>th</sup> June, 2018



# MODERN DAIRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Particulars	For the period ended 31 March 2018 Amount in ₹ Lakhs	For the year ended 31 March 2017 Amount in ₹ Lakhs
<b>A Cash flow from operating activities:</b>		
Loss before tax and after prior period items	(18,53.69)	(11,38.84)
<b>Adjustments for:</b>		
Depreciation and amortisation	5,13.56	5,06.73
Bad debts	2,80.04	-
Balances written off	4.37	0.00
Liabilities written back	(29.47)	(17.90)
Interest expense	30.61	16,67.40
Interest income	(15.06)	(16.63)
Employee benefits	37.04	19.00
<b>Operating loss before working capital changes</b>	<u>(10,32.60)</u>	<u>10,19.76</u>
<b>Adjustments for movement in:</b>		
Increase/Decrease in long-term loans and advances	(6.55)	(19.02)
Increase/Decrease in inventories	17,80.58	11,59.63
Increase/Decrease in trade receivables	15,27.26	2,84.16
Increase/Decrease in other current assets	31.56	98.20
Increase/Decrease in short term loans and advances	(0.04)	26.27
Increase/Decrease in long-term provisions	8.48	(0.46)
Increase/Decrease in trade payables	(6,55.40)	(4,05.69)
Increase/Decrease in other current liabilities	(36.44)	(18,94.68)
Increase/Decrease in short-term provisions	(25.25)	(10.91)
<b>Net cash generated from operating activities</b>	<u>15,91.60</u>	<u>2,57.26</u>
<b>B Cash flow from investing activities :</b>		
Purchase of fixed assets (including capital work in progress and movement in creditors for capital goods)	(3,27.96)	(4,90.52)
Purchase of non-current investments	(0.33)	(0.15)
Interest received	15.06	16.63
<b>Net cash used in investing activities</b>	<u>(3,13.23)</u>	<u>(4,74.04)</u>
<b>C Cash flow from financing activities</b>		
Proceeds/Repayment of long-term borrowings	(1,07,31.41)	3,96.51
Proceeds/Repayment from short term borrowings	(68,82.55)	(77.40)
Increase/Decrease in Other financial liabilities	1,64,79.36	(8,65.59)
Interest paid/Received	1.69	2,55.53
<b>Net Cash used in financing activities</b>	<u>(11,32.91)</u>	<u>(2,90.95)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>1,45.46</u>	<u>(5,07.73)</u>
Cash and cash equivalents at the beginning of the year	<u>1,17.38</u>	<u>6,25.11</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>2,62.84</u>	<u>1,17.38</u>
<b>Components of cash and cash equivalents :-</b>		
Cash in hand	15.22	16.35
Balances with Scheduled Banks		
In current accounts	<u>2,47.62</u>	<u>1,01.03</u>
<b>Cash and cash equivalents in cash flow statement:</b>	<u>2,62.84</u>	<u>1,17.38</u>

**Note:**

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

**Notes 1 to 38 form an integral part of these financial statements**

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

**For & on behalf of the Board of Directors**

**For AARYAA & Associates**  
Chartered Accountants

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

**Satish Kapoor**  
(Director)  
(DIN: 00009122)

**CA Harsharanjit Singh Chahal**  
Partner

**Mukesh Sehgal**  
Chief Financial Officer

**Heena Garg**  
(Company Secretary)

Place : Chandigarh  
Date : 29<sup>th</sup> June, 2018

Place : Chandigarh  
Date : 29<sup>th</sup> June, 2018

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

**NOTE: I****CORPORATE INFORMATION**

Modern Dairies Limited (the Company) is a public listed company incorporated under the provisions of the Companies Act 1956 on 20th April 1992. The Company is engaged in manufacturing of Milk products.

**NOTE: II****SIGNIFICANT ACCOUNTING POLICIES****1.1) Basis of preparation of Financial Statements****(i) Statement of Compliance**

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

**(ii) Basis of Preparation**

These financial Statements have been prepared in accordance with Ind-AS 101, "First Time Adoption of Ind-AS", as these are the Company's first Ind-AS compliant Financial Statements for the year ended 31 March 2018.

The Financial Statements correspond to the classification provision contained in Ind-AS 1 (Presentation of Financial Statements). The transition to Ind-AS has been carried out from the accounting principles generally accepted in India (Indian GAAP), which is considered as the "previous GAAP", for purposes of Ind-AS 1.

The preparation of these financial statements resulted in changes to the Company's accounting policies as compared to the most recent annual financial statements prepared under previous GAAP, wherever necessary. All accounting policies and applicable Ind-AS have been applied consistently and retrospectively to all periods, including the previous financial year presented and the Ind-AS opening balance sheet as at 1 April 2016 (transition date). Any variation in the amounts represented in the comparative balance sheet vis-à-vis earlier presentation, reconciliation is given as part of notes.

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

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

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

**1.2) Use of Estimates**

The preparation of financial statements, in conformity with Ind-AS require estimates and assumptions to be made that affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates would be recognized in the year in which the results materialize.

**1.3) First Time Adoption of IND AS**

Being first time adoption of IND AS, the company has availed the following exemptions as granted under Appendix C & D of IND AS 101

Carrying values for all of its Property, Plant and Equipment, Intangible assets and Investment property as at the date of transition to IND AS, measured as per previous GAAP have been treated as their deemed costs as at the date of transition.

Retrospective impacts of transition from previous GAAP to IND AS on assets and liabilities have been adjusted against "Other Equity" on 1st April 2016.

**1.4) Property, Plant and Equipment**

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

All tangible fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and other expenses directly incidental to acquisition, bringing the asset to the location and installation including site restoration up to the time when the asset is ready for intended use. Such Costs also include Borrowing Cost



if the recognition criteria are met. When a major inspection/repair occurs, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

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

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

#### **Assets held for Disposal**

Current asset classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

#### **1.5) Intangibles and Amortization**

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

#### **1.6) Inventories**

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

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

#### **1.7) Foreign Exchange Transaction**

The transactions in Foreign exchange are initially accounted for at the exchange rates prevailing on the date of the transactions. Monetary items (i.e. receivables, payables, loans etc.) denominated in foreign currency are reported using the closing exchange rate as on each balance sheet date. The exchange difference arising on the settlement or reporting of monetary items at rates different from rates at which these were initially recorded/ reported in previous financial statements, are recognised in the statement of profit and loss in the period in which they arise. Exchange differences on foreign currency transactions relating to long term assets acquired from a country outside India is being capitalized.

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

In case of forward exchange contract, the premium or discount arising at the inception of such contract is amortized as income or expense over the life of contract as well as exchange difference on such contract i.e.

Difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception/ the last reporting date, is recognized as income/ expense for the year.

#### **1.8) Employees Benefits**

##### **Provident Fund and ESIC**

Retirement benefits in the form of Provident Fund, Employee State Insurance and Family Pension Fund whether in pursuance of law or otherwise is accounted on accrual basis and charged to Statement of Profit & Loss of the year.

##### **Gratuity**

The retirement benefits in the form of Gratuity Scheme have been provided for the year ended as on 31<sup>st</sup> March 2018. In accordance with Ind AS 19, actuarial valuation was done in respect of the aforesaid defined "benefit" scheme. As these liabilities are relatively long term in nature, the actuarial assumptions take in account the requirements of the relevant Ind AS coupled with a long term view of the underlying variables / trends, wherever required.

Service cost and net interest cost on the defined benefit liabilities/assets are recognized in the statement of profit and loss as employee benefit expense and finance costs respectively. Gains and losses on remeasurement of defined benefits liabilities/plan assets arising from changes in actuarial assumptions and experience adjustments are recognised in the other comprehensive income and are included in retained earnings in the balance sheet. Actuarial gains and losses are recognised in full in the statement of profit and loss during the year in which they occur.

#### **1.9) Borrowing Costs**

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

**Interest on Non-Convertible Debentures:**

The Company's Corporate Debt Restructuring (CDR) package was approved by Corporate Debt Restructuring Empowered Group (CDREG) vide letter dated 19 October 2011. As per CDR approval, at the end of two years i.e. 1 April 2013, outstanding balance of Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) taken from respective banks has been converted into 496,530,325 unsecured optionally convertible debentures (OCD) at a coupon rate of 0.001%. The said OCDs had an option of conversion into equity during 18 months from date of allotment of OCD as per then applicable SEBI guidelines. Since the conversion could not take place because of the issue of conversion price and as suggested by the lenders, the Company proposed to increase the rate of interest from its existing level of 0.001% to Coupon rate at 5 year G-Sec or 8.00% p.a. whichever is higher, in lieu of conversion. State Bank of India vide its letter dated 31 July 2015 has already conveyed its approval for increase in the interest rate in lieu of conversion and the proposal is under consideration of Punjab National Bank and Canara Bank. Any change in the terms of issue will require the approval of shareholders at the general meeting. The proposal has been accepted by the State Bank of India. However, the company has still not provided for any interest payable to state bank of India in the books of accounts, such interest amounts to Rs. 0.66 Crores which has resulted in the understatement of current liabilities and losses by Rs. 0.66 Crores

**Interest provisioning on facilities from Consortium banks:**

The Company's various credit facilities have been declared "Non-Performing Assets" by its respective banks. There is a usual practice that banks discontinue to account for as "income" in respect to the accrued interest on such assets, subsequent to the declaration of these as "Non-performing assets". The bankers of the company too have not accounted as "income" in respect to the interest subsequent to NPA declaration date. In order to achieve the desired congruency on this issue & uncertainty of the amount liable to be paid, the company has not provided for such interest i.e. interest on credit facilities subsequent to the date of declaration of these credit facilities as non-performing. Such interest amounts to Rs.21.19 Crores which has resulted in the understatement of current liabilities and losses by Rs.21.19 Crores.

**1.10) Financial Instruments****a) Recognition and Initial measurement**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition. Transaction costs in relation to financial assets and financial liabilities which are carried at fair value through profit or loss (FVTPL), are charged to the statement of profit and loss.

**b) Classification and subsequent measurement of financial assets****i) Debt Instruments**

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

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

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

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

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

**ii) Equity Instruments**

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

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

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

**Amortised cost -**

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

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

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

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

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

**1.11) Revenue Recognition**

Revenues / Incomes and Cost /Expenditures are being generally accounted on accrual basis, as they are earned or incurred. Expenditures have been disclosed net of excise duty, service tax, VAT and GST.

**Revenue from Goods**

Revenue from goods comprise of value of sales of products (net of returns) excluding VAT/GST and Trade Discounts but including excise duty. Sales are recognized with the transfer of significant risk and rewards of ownership of the goods, with the company losing effective control and the recovery of the consideration is probable. Excise duty is reduced from gross sales to arrive at net sales.

**Revenue from Services**

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

**Interest**

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

**Dividend**

Dividend Income is accounted for in the year in which the right to receive the same is established.

**1.12) Taxes on Income**

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

**1.13) Impairment of Assets**

As at 31<sup>st</sup> March 2018 the company has reviewed the future earning of its cash generating unit in accordance with Ind AS 36. As per the Company's said review the carrying amount of the assets does not exceed the future recoverable amount consequently, no adjustment is considered necessary by the management. Recoverable value is the higher of the 'Value in Use' and fair value as reduced by cost of disposal.

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

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be outflow of resources. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be accrued/ realized.

**1.15) Earning Per Share**

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

**1.16) Cash Flow Statement**

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

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



**NOTE: III****FIXED ASSETS**

For the Year Ended 31 March 2018

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	As on 1 April 2017	Additions during the year	Sales / Adjustment during the year	As on 31 March 2018	As on 1 April 2017	For the year	Sales / Adjustment during the year	As on 31 March 2018	As on 31 March 2018	As on 31 March 2017
<b>Tangible assets</b>										
Freehold land	1,89.93	-	-	1,89.93	-	-	-	-	1,89.93	1,89.93
Buildings	12,53.79	9.77	-	12,63.56	66.08	61.15	-	1,27.23	11,36.33	11,87.71
Plant and equipment (refer note (A) below)	68,69.68	3,05.82	-	71,75.50	4,28.30	4,40.26	-	8,68.56	63,06.94	64,41.38
Furniture and fixture	9.89	1.51	-	11.40	3.00	2.19	-	5.19	6.21	6.89
Office equipments	11.10	1.94	0.10	12.94	2.64	2.53	0.01	5.16	7.78	8.46
Vehicles	41.35	-	6.30	35.05	6.00	5.53	6.30	5.23	29.82	35.35
<b>Total</b>	<b>83,75.74</b>	<b>3,19.04</b>	<b>6.40</b>	<b>86,88.38</b>	<b>5,06.02</b>	<b>5,11.66</b>	<b>6.31</b>	<b>10,11.37</b>	<b>76,77.01</b>	<b>78,69.72</b>
<b>Intangible assets</b>										
Computer software	3.89	7.95	-	11.84	0.69	1.90	-	2.59	9.25	3.20
<b>Total</b>	<b>3.89</b>	<b>7.95</b>	<b>-</b>	<b>11.84</b>	<b>0.69</b>	<b>1.90</b>	<b>-</b>	<b>2.59</b>	<b>9.25</b>	<b>3.20</b>
<b>Grand Total</b>	<b>83,79.63</b>	<b>3,26.99</b>	<b>6.40</b>	<b>87,00.22</b>	<b>5,06.71</b>	<b>5,13.56</b>	<b>6.31</b>	<b>10,13.96</b>	<b>76,86.26</b>	<b>78,72.92</b>

## Note (A)

For the year ended 31 March 2017

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	Deemed Cost as on 1 April 2016	Additions during the year	Sales / Adjustment during the year	As on 31 March 2017	As on 1 April 2016	For the year	Sales / Adjustment during the year	As on 31 March 2017	As on 31 March 2017	As on 31 March 2016
<b>Tangible assets</b>										
Freehold land	1,89.93	-	-	1,89.93	-	-	-	-	1,89.93	1,89.93
Buildings	12,52.62	1.17	-	12,53.79	-	66.08	-	66.08	11,87.71	12,52.62
Plant and equipment	63,90.04	4,79.64	-	68,69.68	-	4,28.30	-	4,28.30	64,41.38	63,90.04
Furniture and fixture	9.30	0.59	-	9.89	-	3.00	-	3.00	6.89	9.30
Office equipments	9.98	1.20	0.08	11.10	-	2.66	0.02	2.64	8.46	9.98
Vehicles	41.35	-	-	41.35	-	6.00	-	6.00	35.35	41.35
<b>Total</b>	<b>78,93.22</b>	<b>4,82.60</b>	<b>0.08</b>	<b>83,75.74</b>	<b>-</b>	<b>5,06.04</b>	<b>0.02</b>	<b>5,06.02</b>	<b>78,69.72</b>	<b>78,93.22</b>
<b>Intangible assets</b>										
Computer software	2.15	1.74	-	3.89	-	0.69	-	0.69	3.20	2.15
<b>Total</b>	<b>2.15</b>	<b>1.74</b>	<b>-</b>	<b>3.89</b>	<b>-</b>	<b>0.69</b>	<b>-</b>	<b>0.69</b>	<b>3.20</b>	<b>2.15</b>
<b>Grand Total</b>	<b>78,95.37</b>	<b>4,84.34</b>	<b>0.08</b>	<b>83,79.63</b>	<b>-</b>	<b>5,06.73</b>	<b>0.02</b>	<b>5,06.71</b>	<b>78,72.92</b>	<b>78,95.37</b>



# MODERN DAIRIES LIMITED

<b>NOTE: IV</b>			
<b>NON-CURRENT INVESTMENTS</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	<b>As at March 31, 2016 Amount in ₹ Lakhs</b>
<b>Non trade investments (at cost, unquoted)</b>			
Investment in equity shares (unquoted)	1.04	0.91	0.76
Aricent Technologies (Holdings) Limited (1,069 equity shares (Previous year 1,069) of ₹ 10 each fully paid up)			
Government securities			
National savings certificates (pledged with sales tax authorities)	0.60	0.40	0.40
	<u>1.64</u>	<u>1.31</u>	<u>1.16</u>
<b>NOTE: V</b>			
<b>Long-term loans and advances</b> (unsecured considered good, unless otherwise stated)	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	<b>As at March 31, 2016 Amount in ₹ Lakhs</b>
Security deposits	2,19.23	2,19.88	2,05.12
Tax Deducted at Source Recoverable	24.85	15.02	11.35
Milk cess paid under protest	5,91.00	5,91.00	5,91.00
Prepaid expenses (paid for more than one year)	-	2.63	2.04
	<u>8,35.08</u>	<u>8,28.53</u>	<u>8,09.51</u>
<b>NOTE: VI</b>			
<b>INVENTORIES</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	<b>As at March 31, 2016 Amount in ₹ Lakhs</b>
(valued at lower of cost and net realisable value)			
Raw materials	43.98	96.10	2,52.85
Work-in-progress	34.39	84.37	2,82.55
Finished goods	10,85.54	26,01.85	32,48.08
Stores and spares	2,35.48	3,55.92	5,51.11
Packing materials	1,98.27	2,40.00	2,03.28
	<u>15,97.66</u>	<u>33,78.24</u>	<u>45,37.87</u>
<b>NOTE: VII</b>			
<b>TRADE RECEIVABLES(UNSECURED)</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	<b>As at March 31, 2016 Amount in ₹ Lakhs</b>
Considered doubtful	1,81.48	27.68	29.92
Less: Allowance for bad and doubtful debts	81.48	27.68	27.68
	<u>1,00.00</u>	<u>-</u>	<u>2.24</u>
Considered good	8,51.10	27,58.40	30,40.32
	<u>9,51.10</u>	<u>27,58.40</u>	<u>30,42.56</u>
The Management of the company has decided to write off an amount of Rs. 2.80 crore outstanding from a consignee agent M/s Aggarwal & Sons, Bikaner vide board resolution dated 29 <sup>th</sup> June, 2018. This amount was outstanding and after persuasion efforts to recover the amount became unsuccessful; management has decided to write off the same.			
<b>NOTE: VIII</b>			
<b>CASH AND CASH EQUIVALENTS</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	<b>As at March 31, 2016 Amount in ₹ Lakhs</b>
(i) Cash and cash equivalents			
- Cash in hand	15.22	16.35	14.27
- Cheques in hand	-	-	5,41.52
(ii) - Balances with banks in current account	2,47.62	1,01.03	69.32
	<u>2,62.84</u>	<u>1,17.38</u>	<u>6,25.11</u>

**NOTE: IX**

**Short-term loans and advances** (unsecured considered good, unless otherwise stated)

Loans and advances to employees  
Security deposits  
Grant recoverable

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs	As at March 31, 2016 Amount in ₹ Lakhs
	0.19	0.15	0.42
	-	-	1.00
	-	-	25.00
	<u>0.19</u>	<u>0.15</u>	<u>26.42</u>

**NOTE: X****OTHER CURRENT ASSETS**

Asset Held for Disposal  
Prepaid expenses  
Advances to suppliers  
Balances with statutory and government authorities  
Others

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs	As at March 31, 2016 Amount in ₹ Lakhs
	5.00	5.00	5.00
	21.44	22.45	29.53
	47.39	37.31	52.99
	1,23.98	1,70.47	1,83.70
	1,19.04	1,17.55	1,79.76
	<u>3,16.85</u>	<u>3,52.78</u>	<u>4,50.98</u>

**NOTE: XI****EQUITY SHARE CAPITAL**

Amount in ₹ Lakhs

	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number	Amount	Number	Amount	Number	Amount
<b>Authorised share capital</b>						
Equity shares of ₹ 10 each	3,00,00,000	3,000.00	3,00,00,000	3,000.00	3,00,00,000	3,000.00
Equity shares of ₹ 10 each	3,00,00,000	3,000.00	3,00,00,000	3,000.00	3,00,00,000	3,000.00
<b>Issued, subscribed and fully paid up</b>						
Equity shares of ₹ 10 each	2,33,19,861	2,331.99	2,33,19,861	2,331.99	2,33,19,861	2,331.99
<b>Total</b>	<b>2,33,19,861</b>	<b>2,331.99</b>	<b>2,33,19,861</b>	<b>2,331.99</b>	<b>2,33,19,861</b>	<b>2,331.99</b>
<b>Forfeited shares</b>						
Amount originally paid up	76,900	3.90	76,900	3.90	76,900	3.90
	<b>2,33,96,761</b>	<b>2,335.89</b>	<b>2,33,96,761</b>	<b>2,335.89</b>	<b>2,33,96,761</b>	<b>2,335.89</b>

(a) The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(b) There is no movement in equity share capital during the current year and previous year.

(c) **Shareholders holding more than 5% of the shares (Equity shares ₹ 10 each)**

Particular	As at March 31, 2018			As at March 31, 2017			As at March 31, 2016		
	Number	Amount	% of holding	Number	Amount	% of holding	Number	Amount	% of holding
International Finance Corporation	-	-	-	-	-	-	41,43,109	414.31	17.71%
Alka Goyal	28,28,972	282.90	12.09%	28,28,972	282.90	12.09%	28,28,972	282.90	12.09%
Krishan Kumar Goyal	22,95,943	229.59	9.81%	22,95,943	229.59	9.81%	22,95,943	229.59	9.81%
Krishan Kumar Goyal (HUF)	12,80,000	128.00	5.47%	12,80,000	128.00	5.47%	12,80,000	128.00	5.47%
	<b>64,04,915</b>	<b>640.49</b>	<b>27.37%</b>	<b>64,04,915</b>	<b>640.49</b>	<b>27.37%</b>	<b>1,05,48,024</b>	<b>1,054.80</b>	<b>45.07%</b>

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



**NOTE: XII**

**OTHER EQUITY**

Particulars	Reserves and Surplus					Total
	Capital Reserve	Securities Premium Reserve	ESOP Outstandings	Retained Earnings	Debt Instruments through other comprehensive income	
<b>Balance as on 31st March, 2017</b>	<b>2,23.74</b>	<b>30,73.42</b>	-	<b>(1,25,75.19)</b>	-	<b>(92,78.03)</b>
Changes in Accounting policy/Prior Period Errors	-	-	-	-	-	-
<b>Restated Balance at the beginning of the Reporting Period</b>	<b>2,23.74</b>	<b>30,73.42</b>	-	<b>(1,25,75.19)</b>	-	<b>(92,78.03)</b>
Profit for the year	-	-	-	(18,56.87)	-	<b>(18,56.87)</b>
Other Comprehensive Income for the year	-	-	-	3.18	-	<b>3.18</b>
<b>Total Comprehensive Income for the year</b>	<b>2,23.74</b>	<b>30,73.42</b>	-	<b>(1,44,28.88)</b>	-	<b>(1,11,31.72)</b>
Transaction with owners in capacity as owners						
Dividends	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	-
Bonus Shares	-	-	-	-	-	-
Movement During the Year	-	-	-	-	-	-
<b>Balance as on 31st March, 2018</b>	<b>2,23.74</b>	<b>30,73.42</b>	-	<b>(1,44,28.88)</b>	-	<b>(1,11,31.72)</b>

Particulars	Reserves and Surplus					Total
	Capital Reserve	Securities Premium Reserve	ESOP Outstandings	Retained Earnings	Debt Instruments through other comprehensive income	
<b>Balance as on 31st March, 2016</b>	<b>2,23.74</b>	<b>30,73.42</b>	-	<b>(1,14,36.35)</b>	-	<b>(81,39.19)</b>
Changes in Accounting policy/Prior Period Errors	-	-	-	-	-	-
<b>Restated Balance at the beginning of the Reporting Period</b>	<b>2,23.74</b>	<b>30,73.42</b>	-	<b>(1,14,36.35)</b>	-	<b>(81,39.19)</b>
Profit for the year	-	-	-	(11,39.79)	-	<b>(11,39.79)</b>
Other Comprehensive Income for the year	-	-	-	0.95	-	<b>0.95</b>
<b>Total Comprehensive Income for the year</b>	<b>2,23.74</b>	<b>30,73.42</b>	-	<b>(1,25,75.19)</b>	-	<b>(92,78.03)</b>
Transaction with owners in capacity as owners						
Dividends	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	-
Bonus Shares	-	-	-	-	-	-
Movement During the Year	-	-	-	-	-	-
<b>Balance as on 31st March, 2017</b>	<b>2,23.74</b>	<b>30,73.42</b>	-	<b>(1,25,75.19)</b>	-	<b>(92,78.03)</b>

Particulars	Reserves and Surplus					Total
	Capital Reserve	Securities Premium Reserve	ESOP Outstandings	Retained Earnings	Debt Instruments through other comprehensive income	
Balance as on 31st March, 2015	2,23.74	30,73.42	-	(90,01.70)	-	(57,04.54)
Changes in Accounting policy/Prior Period Errors	-	-	-	(11.10)	-	(11.10)
Restated Balance at the beginning of the Reporting Period	2,23.74	30,73.42	-	(90,12.80)	-	(57,15.64)
Profit for the year	-	-	-	(24,23.55)	-	(24,23.55)
Other Comprehensive Income for the year	-	-	-	-	-	-
Total Comprehensive Income for the year	2,23.74	30,73.42	-	(1,14,36.35)	-	(81,39.19)
Transaction with owners in capacity as owners						
Dividends	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	-
Bonus Shares	-	-	-	-	-	-
Movement During the Year	-	-	-	-	-	-
Balance as on 1st April, 2016	2,23.74	30,73.42	-	(1,14,36.35)	-	(81,39.19)

**NOTE: XIII****LONG TERM BORROWINGS**

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs	As at March 31, 2016 Amount in ₹ Lakhs
0.001% Unsecured optionally convertible debentures (OCD)	-	49,65.30	49,65.30
From banks (Secured)			
- Term loans	-	36,73.14	33,70.05
- Corporate loans	-	13,84.68	13,51.08
From others (unsecured)	<b>1,00.70</b>	7,76.69	6,89.72
	<b>1,00.70</b>	1,07,99.81	1,03,76.15
Less: Current maturities of long term borrowings	-	-	18,95.78
	<b>1,00.70</b>	<b>1,07,99.81</b>	<b>84,80.37</b>

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

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

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

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

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

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


**NOTE: XIV**
**LONG-TERM PROVISIONS**

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs	As at March 31, 2016 Amount in ₹ Lakhs
Provisions for gratuity [refer note XIV (a) below]	<u>76.75</u>	<u>68.27</u>	<u>68.73</u>

**XIV(a)** The following table set out the status of the plan for gratuity as required under Ind AS - 19

- Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

**Change in projected benefit obligation**

Projected benefit obligation at the beginning of the year*	1,07.14	99.51	92.57
Service cost	29.00	11.53	11.07
Interest cost	8.04	7.46	7.19
Actuarial gain	(3.05)	(0.79)	(7.00)
Benefits paid	(13.70)	(10.57)	(4.32)
Projected benefit obligation at the end of the year*	1,27.43	1,07.14	99.51

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

Present value of projected benefit obligation at the end of the year*	1,27.43	1,07.14	99.51
Liability recognised in the balance sheet*	1,27.43	1,07.14	99.51

\*This includes short term portion of ₹ 30.78 Lakhs (previous year ₹ 25.26 Lakhs) as disclosed under note XX.

**Components of net gratuity costs are**

Service cost	29.00	11.53	11.07
Interest cost	8.04	7.46	7.19
Recognized net actuarial gain	(3.05)	(0.79)	(7.00)
<b>Net gratuity costs</b>	<b>33.99</b>	<b>18.20</b>	<b>11.26</b>

**Actuarial assumptions**

Discount rate	7.75%	7.50%	7.50%
Long-term rate of compensation increase	5.00%	5.00%	5.00%
Rate of return on plan assets	N.A	N.A	N.A
Average remaining life (years)	17.34	17.35	18.56

**Demographic assumptions**

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

**NOTE: XV****DEFERRED TAX LIABILITIES (NET)**

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs	As at March 31, 2016 Amount in ₹ Lakhs
<b>Deferred tax liabilities</b>			
Timing difference on depreciation and amortisation of tangible and intangible assets	15,04.32	13,78.43	13,69.62
<b>Deferred tax assets</b>			
Unabsorbed depreciation as per tax laws (the deferred tax asset is restricted to the extent of deferred tax liability)	(15,04.32)	(13,78.43)	(13,69.62)
<b>Deferred tax liabilities (net)</b>	<u>-</u>	<u>-</u>	<u>-</u>

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

**NOTE: XVI****Short term borrowings**

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs	As at March 31, 2016 Amount in ₹ Lakhs
Working capital borrowings from banks (secured)	<u>-</u>	<u>68,82.55</u>	<u>69,59.95</u>

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

**NOTE: XVII****TRADE PAYABLES**

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs	As at March 31, 2016 Amount in ₹ Lakhs
Dues to micro and small enterprises [refer note (a) below]	16.34	10.41	24.28
Dues to others	17,76.68	24,67.49	28,77.21
	<u>17,93.02</u>	<u>24,77.90</u>	<u>29,01.49</u>

(a) On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Principal amount remaining unpaid	8.81	5.12	18.99
Interest due thereon	2.24	-	3.23
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-	-
Interest accrued and remaining unpaid as at end of the year	7.53	5.29	5.29
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.	-	-	-

**MODERN DAIRIES LIMITED****NOTE: XVIII**

<b>OTHER FINANCIAL LIABILITIES</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	<b>As at March 31, 2016 Amount in ₹ Lakhs</b>
Dues to Banks	<b>1,16,32.34</b>	-	-
Debentures Maturing within one year (now recalled)	<b>49,65.30</b>	-	-
Interest accrued but not due on borrowings	-	29.34	29.34
Interest accrued and due on borrowings	<b>81.78</b>	81.78	3,56.93
Book overdraft	<b>7.98</b>	96.93	6,87.38
	<b><u>1,66,87.40</u></b>	<b><u>2,08.05</u></b>	<b><u>10,73.65</u></b>

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

**NOTE: XIX**

<b>OTHER CURRENT LIABILITIES</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	<b>As at March 31, 2016 Amount in ₹ Lakhs</b>
Current maturities of long term borrowings	-	-	18,95.78
Statutory & Other Dues	<b>37.94</b>	10.30	57.99
Employee related payables	<b>88.44</b>	1,10.69	1,11.27
Advance from customers	<b>16.86</b>	92.97	29.03
Security deposits	<b>1,04.09</b>	86.43	83.90
Creditors for capital goods	<b>18.23</b>	1.61	18.71
	<b><u>2,65.56</u></b>	<b><u>3,02.00</u></b>	<b><u>21,96.68</u></b>

The GSTR return of Bikaner and Delhi depot for the month of August, 17 and March, 18 respectively have been at marginal variance with the factual figures. The rectification would be done in the annual return of GST.

**NOTE: XX**

<b>SHORT-TERM PROVISIONS</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	<b>As at March 31, 2016 Amount in ₹ Lakhs</b>
Provision for gratuity [Also, refer note XIV (a)]	<b>50.67</b>	38.87	30.78
Provision for milk cess	<b>15,02.99</b>	15,02.99	15,02.99
	<b><u>15,53.66</u></b>	<b><u>15,41.86</u></b>	<b><u>15,33.77</u></b>



**NOTE: XXI****REVENUE**

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs
--	--	--

**Revenue from operations**

## Sale of products

Export	(40.51)	4,63.48
Domestic	4,66,92.04	4,53,81.17

## Other operating revenue

69.47	62.98
-------	-------

**Revenue from operations (Gross)**

4,67,21.00	4,59,07.63
------------	------------

## Less : Excise duty

39.92	1,73.74
-------	---------

**Revenue from operations (Net)**

4,66,81.08	4,57,33.89
------------	------------

The Negative Export Sales denotes the return of goods exported during the FY 2016-17

**Details of products sold (contributing more than 10% of the total revenue)****- Manufactured goods (inclusive of excise duty)**

Milk	2,92,62.45	2,59,60.19
Ghee	85,04.36	82,37.80
SMP	1,91.16	9,26.40
Casein	6,39.81	10,15.74
Others	80,53.75	97,04.53
	4,66,51.53	4,58,44.66

**NOTE: XXII****OTHER INCOME**

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs
--	--	--

## Interest income

- from banks	15.06	16.63
--------------	-------	-------

## Profit on sale of fixed assets

2.39	-
------	---

## Exchange fluctuation (net)

-	4.90
---	------

## Balances written off

29.47	17.90
-------	-------

## Miscellaneous income

0.88	0.48
------	------

47.80	39.91
-------	-------



# MODERN DAIRIES LIMITED

<b>NOTE: XXIII</b>		
<b>COST OF MATERIALS CONSUMED</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>
Opening stock		
Raw materials	96.10	2,52.85
Packing materials	2,40.00	2,03.28
(A)	3,36.10	4,56.13
Purchases of raw materials during the year	4,12,49.49	4,03,85.11
Purchases of packing materials during the year	13,77.59	13,21.79
(B)	4,26,27.08	4,17,06.90
(A+B)	4,29,63.18	4,21,63.03
Less : Closing stock		
Raw materials	43.98	96.10
Packing materials	1,98.27	2,40.00
	2,42.25	3,36.10
	4,27,20.93	4,18,26.93
<b>NOTE: XXIV</b>		
<b>Changes in inventories of finished goods and work-in-progress</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>
Opening stock		
- Manufactured goods	25,60.41	32,48.08
- Work-in-progress	84.37	2,82.55
	26,44.78	35,30.63
Closing stock		
- Manufactured goods	10,85.54	25,60.41
- Work-in-progress	34.39	84.37
	11,19.93	26,44.78
Excise duty on change in stocks	(16.17)	(6.20)
	15,08.68	8,79.65
<b>NOTE: XXV</b>		
<b>EMPLOYEE BENEFIT EXPENSE</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>
Salaries, wages and bonus	8,36.15	8,06.11
Contribution to provident and other defined contribution funds	32.02	29.35
Staff welfare expenses	1.81	1.62
	8,69.98	8,37.08
<b>NOTE: XXVI</b>		
<b>FINANCE COSTS</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>
Interest expenses		
- to banks	0.01	16,10.94
- others	30.60	56.46
	30.61	16,67.40

<b>NOTE: XXVII</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of tangible assets [refer note III]	511.66	506.04
Amortisation of intangible assets [refer note III]	1.90	0.69
	<u>513.56</u>	<u>506.73</u>
<b>NOTE: XXVIII</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>
<b>OTHER EXPENSES</b>		
Consumption of stores and spare parts [refer note 30(d)]	3,94.99	3,83.85
Power and fuel	16,14.76	15,52.20
Rent	29.41	19.16
Repairs to		
- building	31.48	25.57
- machinery	54.98	52.00
- others	11.94	11.44
Insurance	13.11	19.11
Legal and professional expenses	37.05	44.11
Payment to auditors (refer note XXXII)	8.47	11.13
Rates and taxes	5.34	6.01
Bad debts written off	2,80.04	-
Allowance for bad and doubtful debts	81.48	-
Travelling and conveyance	61.99	62.82
Loss on sale/write off of fixed assets (net)	-	(0.02)
Commission on sale	4.00	9.71
Freight and forwarding charges	1,65.28	1,88.76
Miscellaneous expenses	1,47.67	1,80.73
	<u>29,41.99</u>	<u>25,66.58</u>
<b>NOTE: XXIX</b>	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>
<b>CONTINGENT LIABILITIES &amp; COMMITMENTS</b>		
<b>Contingent Liabilities</b>		
Claim against the Company not acknowledged as debts	-	-
Other money for which Company is contingent liable	4,36.43	428.93
<b>Commitments:</b>		
a) Estimated amounts of contractors remaining to be executed	-	-
On capital accounts and not provided for.	-	-
b) Letter of credit against import of material	-	-



# MODERN DAIRIES LIMITED

**NOTE: XXX**

For the year 2017-18 interest accrued on long term and short term borrowings amounting to Rs. 2119 Lakhs (Rs. 643 Lakhs to SBI, Rs.1153 Lakhs accrued to PNB and Rs.323 Lakhs to Canara Bank has not been provided in the statement of profit and loss account as these loans have been categorized as NPA as on 31 March 2018.

**NOTE: XXXI**

**EARNINGS PER SHARE**

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs
Profit / (Loss) after taxation as per Statement of profit and Loss (₹ in lakh)	(1853.69)	(1138.84)
Equity shares outstanding	23319861	23319861
Basic earnings per share in rupees (face value ₹ 10/- each)	(7.96)	(4.89)
Diluted earnings per share in rupees (face value ₹ 10/- each)	(7.96)	(4.89)

**NOTE: XXXII**

**PAYMENT TO AUDITORS\***

	As at March 31, 2018 Amount in ₹ Lakhs	As at March 31, 2017 Amount in ₹ Lakhs
Audit Fees	6.00	8.28
Tax Audit fees	<u>0.50</u>	<u>0.58</u>
*inclusive of G.S.T	6.50	8.86
Reimbursement of expences	<u>1.97</u>	<u>2.27</u>
	<u>8.47</u>	<u>11.13</u>

**NOTE: XXXIII**

**STATEMENT OF TURNOVER AND CLOSING STOCK.**

₹ In Lakhs

Particulars	Turnover	Finished Goods		Work in Process	
		Closing Stock	Opening Stock	Closing Stock	Opening Stock
<b>GHEE</b>					
Current Year	22,56,547	141154	165507		
Previous Year	22,12,736	165507	473437		
<b>S.M.P</b>					
Current Year	78,879	41559	172098	-	-
Previous Year	4,47,688	172098	229071	-	10250
<b>D.W</b>					
Current Year	1,32,125	0	16050		
Previous Year	1,68,875	16050	19600		
<b>W.M.P</b>					
Current Year	2,250	0	3450		
Previous Year	90,775	3450	119325		
<b>BUTTER</b>					
Current Year	46	400	155821		
Previous Year	20,562	155821	75540		

Particulars	Turnover	Finished Goods		Work in Process	
		Closing Stock	Opening Stock	Closing Stock	Opening Stock
<b>CHEESE</b>					
Current Year	7,74,497	87206	42777		
Previous Year	15,97,379	42777	63326		
<b>CASEIN</b>					
Current Year	1,53,000	17025	48425		
Previous Year	2,34,550	48425	74450		
<b>LACTOSE</b>					
Current Year	5,50,800	58350	120300		
Previous Year	8,31,725	120300	217125		
<b>WHEY POWDER</b>					
Current Year	3,16,000	38175	20600		
Previous Year	0	20600	0		
<b>W.P.C 35</b>					
Current Year	1,36,000	65900	97250		
Previous Year	1,24,350	97250	29825		
<b>W.P.C 70</b>					
Current Year	62,700	8260	34980		
Previous Year	73,125	34980	32240		
<b>Cream</b>					
Current Year				5,060	19,090
Previous Year				19,090	65,030
<b>Skimmed Milk</b>					
Current Year				12,000	86,994
Previous Year				86,994	17,360
<b>Lactose Liquid</b>					
Current Year				31,162	14,816
Previous Year				14,816	64,981
<b>WPC 35 Liquid</b>					
Current Year				2,850	2,760
Previous Year				2,760	5,600
<b>WPC 70 Liquid</b>					
Current Year				0	0
Previous Year				0	15,760
<b>WPC 80</b>					
Current Year				0	3,080
Previous Year				3,080	4,150



**NOTE: XXXIV**

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

	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>	<b>As at March 31, 2017 Amount in ₹ Lakhs</b>
<b>a) Value of Imports (CIF Basis)</b>		
1) Raw Material	-	-
2) Stores & Spares	<b>3.27</b>	8.87
<b>b) Expenditure in Foreign Currency</b>		
Professional and consultation fees	-	5.35
Others	<b>0.94</b>	-
<b>c) Value of Raw materials and packing materials consumption</b>		

	<b>As at March 31, 2018 Amount in ₹ Lakhs</b>		<b>As at March 31, 2017 Amount in ₹ Lakhs</b>	
	%age	Value	%age	Value
Cost of Materials				
Consumed Imported	-	-	-	-
Indigenous	<b>100.00</b>	<b>42720.93</b>	100.00	41826.93
		<b>42720.93</b>		41826.93
Store & Spares				
Imported	<b>0.83</b>	<b>3.27</b>	1.49	8.87
Indigenous	<b>99.17</b>	<b>391.72</b>	98.51	587.16
		<b>394.99</b>		596.03

**NOTE: XXXV**

**TREATMENT OF EXCISE DUTY**

In accordance with Ind AS 18 on "Revenue" and schedule III to the Companies Act, 2013, sales for the previous year ended 31 March 2017 and for the period 1 April 2017 to 30 June 2017 were reported gross of excise duty and net of Value Added Tax (VAT/Sales tax). Excise duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/Sales Tax, Excise duty etc. have been subsumed into GST and accordingly the same is not recognized as part of sale as per the requirements of Ind AS 18. This has resulted in lower reporting of sales in the current year in comparison to the sales reported under pre-GST structure of indirect taxes.

**NOTE: XXXVI**

**OPERATING SEGMENT**

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

**NOTE: XXXVII**

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

**NOTE: XXXVIII**

The Company's various credit facilities have been declared as NPA for which one time settlement was pending and have since been recalled by the bank and as such the amounts of such term loans and corporate loans have been reclassified into current liabilities instead of earlier classification as non-current liabilities. Since all the credit facilities, including OCDs, have been recalled by the lenders, all these consolidated facilities have been considered as recalled loans for the purpose of identifying defaults.

**NOTE: XXXIX**

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

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

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

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

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

Mr. Mukesh Sehgal (Chief Financial Officer)

Ms.Heena Garg (Company Secretary)

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

Modern Steels Limited

Chandigarh Finance Private Limited

Mala Builders Private Limited

Nabha Commerce Private Limited

Bharat Forgings Private Limited

PHi Business Solutions Limited

Modern Automotives Limited

Krishan Kumar Goyal (HUF)

Amarjit Goyal (HUF)

**Relatives of KMP**

Mr. Amarjit Goyal, Father of CMD

Mrs. Alka Goyal, Wife of CMD

Mr. Aditya Goyal, Son of CMD

Ms. Sonam Jhunjhunwala, Daughter of CMD



**B) Transactions with the related parties (₹ in Lakhs)**

Particulars	Key Management Personnel	Relatives of Key Management Personnel & their enterprises	Associates
Remuneration Including Perks	86.93 (88.27)	- (-)	- (-)
Interest On Unsecured Loan	- (-)	26.67 (41.08)	- (-)
Loan Taken	- (25.00)	21.75 (25.00)	- (-)
Loan Repaid	- (-)	721.76 (-)	- (-)
Loan Given	- (-)	- (-)	- (-)
Loan Received back	- (-)	- (-)	- (-)
Interest Income	- (-)	- (-)	- (-)
Rent Paid	- (-)	24.00 (2.48)	- (-)
Share of Expenses Received	- (-)	- (-)	- (-)
Share of Expenses paid	- (-)	23.14 (20.84)	- (-)
Purchase of Raw Material & Stores	- (-)	1997.89 (3300.18)	- (-)
Sales Of Finished Products	- (-)	6106.65 (1647.67)	- (-)

**NOTE: XXXX**

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

The company has paid Managerial Remuneration amounting to Rs.55,48,884/-, to directors for which the company is yet to receive approval from Central Government. The company has already applied for the approval to central government, decision is awaited. Management undertakes that in case the approval is not received from the central government, they shall refund the remuneration paid to them by the company. Profitability of the company shall affect to the same extent.

**NOTE: XXXXI**

**First time adoption**

**Transition to Ind AS**

These financial statements for the year ended 31 March 2018, are the first financial statements prepared in accordance with Ind AS. For all period up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together paragraph 7 of the Companies (Accounts) Rules,2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable as at 31 March 2018, together with the comparative period data for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening



balance sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

Ind AS 101 allows first-time adopters certain exemptions/exceptions from the retrospective application of certain requirements under Ind AS as follows:

- a) The Company has elected to consider carrying amount of all items of its property, plant and equipment and Intangible Assets as per Indian GAAP, as deemed cost at the date of transition.
- b) The Company has availed the exemption of fair value measurements of financial assets or liabilities at initial recognition and accordingly will apply fair value measurements of financial assets or liabilities at initial recognition prospectively to transactions entered into on or after 1 April 2016.
- c) The estimates at 1 April 2016 and 31 March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustment to reflect any differences in accounting policies) apart from the following items under Indian GAAP did not require estimation:
  - Fair value of investments in unquoted equity instruments
  - Impairment of financial assets based on expected credit loss model
  - Discount rates

The estimates used by the Company to present these amounts in accordance with Ind-AS reflect conditions that existed as at 1 April 2016 and 31 March 2017.

#### **Notes to first-time adoption**

##### **Defined benefit plan**

Both under Indian GAAP and Ind-AS, the Company recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gain and loss, are charged to profit and loss. Under Ind-AS such actuarial gain and loss is to be recognized separately through Other Comprehensive Income. Thus, employee cost has been reduced and actuarial gain/loss has been recognised in OCI net of taxes.

##### **Sale of goods**

Under the IGAAP, revenue from sales of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

##### **Other Comprehensive Income**

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expenses that are not recognized in profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans.

The concept of other comprehensive income did not exist under the previous GAAP.

##### **Statement of cash flow**

The transition from GAAP to Ind AS has not had material impact on the statement of cash flows.



### Effect of Ind AS adoption on Equity

Nature of Adjustment	Year Ended 31st March, 2017 (₹ in Lakhs)
<b>Equity as per erstwhile Indian GAAP</b>	<b>-94,64.50</b>
<b>Add:</b>	
Interest on Electricity Security	1.61
Decline in Stores Consumption	2,12.18
Decline in Cost Audit Fee	0.17
Subsidy on Freight Apeda	0.33
Interest on Electricity Security	0.54
Increase in Value of Investment	0.15
Acturial Gain	0.79
<b>Less:</b>	
Depreciation on StandBy Equipments	-20.63
Advance Tax Reversed	-6.72
Sample Testing Charges	-0.05
Forwarding Exp.	-0.01
Service Tax Exp.	-0.02
Legal & Proff.	-0.14
Consultancy Exp.	-0.10
Repair & Maintenance P/M	-0.02
Consulatancy Charges	-0.66
Rates, Taxes & Fees	-0.16
Increase in Gratuity Expense	-0.79
<b>Equity as per erstwhile Ind AS</b>	<b>-92,78.03</b>

Nature of Adjustment	(Year Ended 31st March, 2016 (₹ in Lakhs)
<b>Equity as per erstwhile Indian GAAP</b>	<b>-81,28.09</b>
<b>Add:</b>	
Subsidy on Freight Apeda	0.33
Interest on Electricity Security	0.54
Income Tax Refund	0.14
Acturial Gain	7.00
<b>Less:</b>	
Sample Testing Charges	-0.34
F.B.T Reversed	-2.37
Repair & Maintenance Others	-0.02
Increase in Gratuity Expense	-7.00
Advance Tax Reversed	-6.74
Rate, Taxes & Fees	-0.58
Consultancy Charges	-1.27
Membership Expenses	-0.31
Audit Fees	-0.47
Professional Charges	-0.01
<b>Equity as per erstwhile Ind AS</b>	<b>-81,39.19</b>

### Effect of Ind AS adoption on Statement of P&L

Nature of Adjustment	Year Ended 31st March, 2017 (₹ in Lakhs)
<b>Net Profit as per erstwhile Indian GAAP</b>	<b>-1,336.41</b>
<b>Add:</b>	
Interest on Electricity Security	1.61
Decline in Stores Consumption	212.17
Decline in Cost Audit Fee	0.17
Sample Testing Charges	0.33
F.B.T Reversed	2.37
Repair & Maintenance Others	0.02
Rate, Taxes & Fees	0.57
Consultancy Charges	1.27
Membership Expenses	0.31
Audit Fees	0.47
Professional Charges	0.01
Increase in Value of Investment	0.15

Nature of Adjustment	Year Ended 31st March, 2017 (₹ in Lakhs)
<b>Less:</b>	
Depreciation on StandBy Equipments	-20.64
Prior Period Income Reversed(Advance Tax)	-0.14
Sample Testing Charges	-0.05
Forwarding Exp.	-0.01
Service Tax Exp.	-0.02
Legal & Proff.	-0.14
Consultancy Exp.	-0.10
Repair & Maintenance P/M	-0.02
Consulatancy Charges	-0.66
Rates, Taxes & Fees	-0.16
<b>Net Profit as per erstwhile Ind AS</b>	<b>-1,138.84</b>

**Effect of Ind AS adoption on OCI**

Nature of Adjustment	Year Ended 31st March, 2018 (₹ in Lakhs)	Nature of Adjustment	Year Ended 31st March, 2017 (₹ in Lakhs)
OCI as per erstwhile Indian GAAP	-	OCI as per erstwhile Indian GAAP	-
<b>Add:</b>		<b>Add:</b>	
Actuarial Gain	3.05	Actuarial Gain	0.79
Increase in Investment	0.13	Increase in Investment	0.16
<b>Less:</b>	-	<b>Less:</b>	-
<b>OCI as per erstwhile Ind AS</b>	<b>3.18</b>	<b>OCI as per erstwhile Ind AS</b>	<b>0.95</b>

**Effect of Ind AS adoption on Balance Sheet as on :-**

Particulars	Note	As on 31 March, 2017			As on 01 April, 2016		
		As Per GAAP	Adjustments	As Per Ind AS	As Per GAAP	Adjustments	As Per Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, Plant and Equipment	I	7,457.52	412.20	7,869.72	7,893.22	-5.00	7,893.22
Capital work-inprogress		28.61	-0.02	28.59	22.36	-	22.36
Other Intangible assets		3.19	0.01	3.20	2.15	-	2.15
Investments	II	1.16	0.15	1.31	1.16	-	1.16
Loans		237.53	591.00	828.53	218.51	591.00	809.51
		<b>7,728.01</b>	<b>1,003.34</b>	<b>8,731.35</b>	<b>8,142.40</b>	<b>586.00</b>	<b>8,728.40</b>
<b>Current assets</b>							
Inventories	III	3,603.89	-225.65	3,378.24	4,537.87	-	4,537.87
Trade receivables		2,758.40	-	2,758.40	3,042.56	-	3,042.56
Cash and cash equivalents		117.39	-0.01	117.38	625.11	-	625.11
Loans		-	0.15	0.15	-	26.42	26.42
Other current assets	IV	936.27	-583.49	352.78	1062.40	-611.42	450.98
		<b>7,415.95</b>	<b>-809.00</b>	<b>6,606.95</b>	<b>9,267.94</b>	<b>-585.00</b>	<b>8,682.94</b>
<b>Total Assets</b>		<b>15,143.96</b>	<b>194.34</b>	<b>15,338.30</b>	<b>17,410.34</b>	<b>1.00</b>	<b>17,411.34</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Equity Share capital		2,335.89	-	2,335.89	2,335.89	-	2,335.89
Other Equity	V	-9,464.50	186.46	-9,278.04	-8,128.09	-11.10	-8,139.19
		<b>-7,128.61</b>	<b>186.46</b>	<b>-6,942.15</b>	<b>-5,792.20</b>	<b>-11.10</b>	<b>-5,803.30</b>
<b>LIABILITIES</b>							
<b>Non-Current liabilities</b>							
Borrowings		10,799.81	-	10,799.81	8,480.37	-	8,480.37
Provisions		68.27	-	68.27	68.73	-	68.73
		<b>10,868.08</b>	<b>-</b>	<b>10,868.08</b>	<b>8,549.10</b>	<b>-</b>	<b>8,549.10</b>
<b>Current liabilities</b>							
Borrowings		6,882.55	-	6,882.55	6,959.95	-	6,959.95
Trade payables	VI	2,470.02	7.88	2,477.90	2,889.39	12.10	2,901.49
Other financial liabilities		208.05	-	208.05	1,073.65	-	1,073.65
Other current liabilities		302.00	-	302.00	2,196.68	-	2,196.68
Provisions		1,541.86	-	1,541.86	1,533.77	-	1,533.77
		<b>11,404.48</b>	<b>7.88</b>	<b>11,412.36</b>	<b>14,653.44</b>	<b>12.10</b>	<b>14,665.54</b>
<b>Total Equity and Liabilities</b>		<b>15,143.96</b>	<b>194.34</b>	<b>15,338.30</b>	<b>17,410.34</b>	<b>1.00</b>	<b>17,411.34</b>

**NOTE: XXXXI****GOING CONCERN**

The company has incurred losses during the year ended 31 March 2018 and the current liabilities exceeded current assets as on 31 March 2018 which has adversely impacted the net worth of the company. The company's financial performance has been adversely affected due to non-performance of its Casein plant with the company's focus on fresh dairy products it is expected that overall financial health of the company will improve considerably. The company is also working on debt resolution.

Considering the above development and favorable impact thereof the company has prepared the financial results on the basis of going concern assumptions.

**NOTE: XXXXI**

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

**For & on behalf of the Modern Dairies Limited****For Aaryaa & Associates**

Chartered Accountants  
Firm Registration No 015935N

**Mukesh Sehgal**

(Chief Financial Officer)  
(Corporate Finance)

**Krishan Kumar Goyal**

Chairman & Managing Director  
(DIN: 00482035)

**Harsharanjit Singh Chahal**

Partner  
M. No. 091689  
Place: Chandigarh  
Date : 29<sup>th</sup> June, 2018

**Heena Garg**

(Company Secretary)

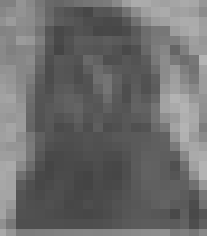
**Satish Kapoor**

Director  
(DIN: 00009122)  
Place : Chandigarh  
Date : 29<sup>th</sup> June, 2018



**THE**  
[Illegible text]

[Illegible text]



[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]

[Illegible text]