

29th
ANNUAL
REPORT
2020-2021



MODERN DAIRIES LIMITED

BOARD OF DIRECTORS

Chairman and Managing Director
Mr. Krishan Kumar Goyal

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

CHIEF FINANCIAL OFFICER

Mr. Mukesh Sehgal

AUDITORS

M/s. Aaryaa & Associates
Chartered Accountants

COMPANY SECRETARY

Ms. Shruti Joshi

LENDERS

Punjab National Bank
Edelweiss Asset Reconstruction Company Limited
Canara Bank

CORPORATE OFFICE

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

REGISTERED OFFICE & WORKS

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

REGISTRARS & SHARE TRANSFER AGENTS

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

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DIRECTORS' REPORT

Dear Members,

Your Directors hereby present their 29th Annual Report together with the Audited Accounts of Modern Dairies Limited for the year ended 31st March, 2021.

FINANCIALS

	Rs. in Lacs	
	Year Ended 31.03.2021	Year Ended 31.03.2020
Net Sales and other Income	6,10,44	7,66,03
Operating Profit	10,53	9,12
Depreciation & Impairment Loss	22,45	5,51
Profit/Loss for the year	(34,74)	3,49

PERFORMANCE

During the year under review, the Company achieved Net Sales and Other Income of Rs.6,10,43 lacs as against Rs.7,66,03 lacs in the previous year and resulting into operating profit of Rs.10,53 lacs against the operating profit of Rs.9,12 lacs in the previous year. During the year Rs.22,45 lacs was provided for Depreciation / Impairment Loss and Rs.22,78 lacs for Exceptional items resulting into Net loss of during the year as Rs.34,74 lacs as against Net Profit Rs.3,49 in the previous year.

During the year there was change in the business working arrangement with a large customer from Sales & Purchase to Job Work for Milk and Fermented Products. As a result of this, the net sales of the company has been impacted. However, there was no change in company's margins and business volumes.

Also during the year, due to logistic disruption at Delhi Border, supply of Fresh Milk and other dairy products to its major customer was adversely impacted.

The year under review has been a challenging year for everyone due to COVID-19 pandemic. This pandemic impacted the entire economy globally. The lockdown resulted in the closure of markets, which resulted in significant drop in the demand of milk and milk products. However, some of this demand was met by an increased consumption by the households led by lockdown.

Despite these odds, the Company obtained satisfactory growth in its own brand particularly in Fresh Milk and Fermented Products, due to expansion in its distribution network, over last year sales. The company hopes to further improve the performance in the coming times.

CURRENT OPERATIONS

The current year has started on a cautious note with the second wave of COVID-19 again impacting the country and its economy. Now, with the gradual relaxations in lockdown and opening of various markets, the demand for dairy products has started to pick up slowly.

We are seeing good monsoons undergoing in the country currently. With better water & feed availability, we are seeing stable growth in Milk Production, which augers well for the industry

MILK CESS

As the members are aware that the Company had filed a Special Leave Petition before the Hon'ble Supreme Court against the decision dated 28th May, 2010 of Punjab & Haryana High Court with regard to the levy of milk cess under the Haryana Murrah Buffalo and other Animal Breed Act, 2001. The said SLP was filed by the Company in the year 2010 and admitted in the Supreme Court in 2012. The Hon'ble Supreme Court had granted interim stay upon payment of 50% of milk cess levied and demanded by Govt. of Haryana in favour of the Company. In spite of the stay granted, the Govt. of Haryana has been sending demand notice to the Company. Demand notice at year end stands at Rs. 282.024 Crores on account of milk cess along with interest from the Company. The matter is pending before the Hon'ble Supreme Court of India.

PLEDGE OF PROMOTER SHAREHOLDING

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

STATUS OF COMPANY'S ACCOUNTS WITH LENDERS

The Company's accounts with lenders have been NPA for quite some time and State Bank of India has already show cased its portion of loan in April, 2018 and the said loan has been taken over by Edelweiss Asset Reconstruction Company.

Punjab National Bank vide its letter dated 26.02.2019 had sanctioned an One Time Settlement to the company for an amount of Rs.45.84 Crores for Fund Based and Rs.15.76 Lacs for Non-Fund based. Against this, Rs. 6 Crore was paid by the Company and has submitted its proposal for extension of the repayment

period of the remaining amount. The matter is pending before the Hon'ble High Court.

Further, after discussions, the Company has submitted the OTS proposal to Canara Bank and the same is under their consideration.

QUALITY, FOOD SAFETY & ENVIRONMENT STANDARDS

The Company has impeccable record of following Good Management Practices (GMP) and Good Hygienic Practices (GHP). The Company's quality Management System was certified more than 20 years ago by DNVGL Netherlands. The Company operations have the distinction of certification for ISO 9001:2015, ISO 14001:2015, Food Safety Systems Certification i.e. FSSC22000 V4.1.

Most of the leading Multinational Food Companies in India have approved our operations as suitable for supplies of company's product to them.

SHARE CAPITAL

The paid up equity capital as on March 31, 2021 is Rs. 23,35,89,000/-.

DIVIDEND

In view of requirements of regular funds for operations, your directors are unable to recommend any dividend for the Financial Year ended on March 31, 2021.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In pursuance of Section 152 of the Companies Act, 2013, at-least two-thirds of the Directors (excluding Independent Directors) shall be subject to retirement by rotation. One-third of such Directors must retire from office at each AGM and a retiring director is eligible for re-appointment. Accordingly, Mr. Ashwani Kumar Aggarwal, Executive Director (DIN: 00486430), is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself to be re-appointed at this AGM.

The following are the Key Managerial Personnel 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:

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

BOARD MEETINGS

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

ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In pursuance of Section 134 (3) (p) of the Companies Act, 2013 read with rules made thereunder, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors carried out the performance evaluation of the Board as a whole, its Committees and individual directors. The evaluation was carried out using individual questionnaires covering composition of Board, conduct as per Company values & beliefs, contribution towards development of strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

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

DECLARATION BY INDEPENDENT DIRECTORS

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

BOARD DIVERSITY AND REMUNERATION POLICY

The Company has a policy for formation of the Board to have Executive Directors and Independent Directors of diverse background to maintain the independence of the Board. As on 31st March, 2021, the Board consists of five members out of which two are Executive Directors and three 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) does not form part of this report, however, no employees were employed throughout the Financial Year or part thereof drawing remuneration pursuant to the provision of 197(2) read with rule 5(2).

AUDIT COMMITTEE

In pursuance of Section 177 of the Companies Act, 2013 read with the rules made thereunder and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has duly constituted the Audit Committee consisting of 2 Non-Executive and 1 Executive Director, with the majority being Independent Directors including the Chairman of the Committee.

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

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

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

Further, in terms of Section 177 (8) of the Act, it is stated that there were no such instances where the Board of Directors have not accepted the recommendations of the Audit Committee during the year 2020-21.

AUDITORS

Statutory Auditors

Pursuant to Section 139 and 142 and other applicable provisions of Companies Act, 2013, if any and the rules framed thereunder, M/s. Aaryaa & Associates, Chartered Accountants, (Registration No. 015935N), were re-appointed as Statutory Auditors of the Company at 27th Annual General Meeting for a period of three years till the conclusion of the 30th Annual General Meeting to be held in the year 2022 at a remuneration mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

Cost Auditors

Pursuant to Section 148 and other applicable provisions of Companies Act, 2013, if any and the rules framed thereunder, 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 2021-22 on the recommendations of the Audit Committee subject to the ratification of the remuneration by the shareholders.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors had appointed M/s. P. Chadha & Associates, Company Secretaries as Secretarial Auditor of the Company for the financial year 2020-21 for conducting the Secretarial Audit as required under the provisions of Companies Act, 2013.

The Secretarial Audit Report issued by M/s. P. Chadha & Associates, Company Secretaries in Form MR-3 for the Financial Year ended 31st March, 2021 is annexed herewith as **Annexure 'A'** to this report.

AUDITOR'S REPORT

The Statutory Auditors of the Company, M/s. Aaryaa & Associates, Chartered Accountants, have submitted the Auditor's Report which has observation on Standalone Financial Statements for the period ended March 31, 2021.

Auditor's Qualifications/Observations

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

The Company is not eligible to pay director remuneration for non-compliance of conditions prescribed in schedule V of the companies Act, 2013. During the year, the company has given the director remuneration to Mr. Ashwani Kumar Aggarwal (Executive Director) amounting to Rs. 35,81,520 (for current quarter Rs.8,95,380).

Apart from the managerial remuneration for quarter ended 31st March, 2021, as mentioned above the company has paid director remuneration of **Rs. 1,71,66,037** till date without complying the provisions of Schedule V of the companies Act, 2013.

Management's Reply:

The company has paid Managerial Remuneration amounting to Rs.35,81,520/-, to directors for which the

company is yet to receive approval from the competent authority/agency. Management undertakes that in case the approval is not received from the competent authority/agency, they shall refund the remuneration paid to them by the company. Profitability of the company shall affect to the same extent.

Secretarial Auditors' Qualification in Secretarial Audit Report

The Company not Complied with Section 197 of Companies Act 2013 in respect of remuneration paid to Managerial Personnel of the Company.

Management's Reply:

The Company is under process to ratify this non-compliance.

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 2020-21, no complaints were received.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

MDL's internal controls commensurate with its size and nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes,

safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance of corporate policies.

The management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) as of 31st March, 2021. The assessment involved self-review and external audit.

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

The Audit Committee reviews reports submitted by the management and audit reports submitted by internal auditors and Statutory Auditors. Suggestions for improvement are considered and the Audit Committee follows up on corrective action.

Based on its evaluations (as defined in Section 177 of Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015), the Audit Committee has concluded that, as of 31st March, 2021, 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 31st March, 2021, which may affect the financial position of the Company.

DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with Related Parties have been done at an

arm's length and are in the ordinary course of business. Related Party disclosures as per AS-18 have been provided in the Notes to the Financial Statements. During financial year 2020-21, your company has not entered into any contract/arrangement/transaction with related parties which could be considered 'material' in accordance with its Policy on Materiality of Related Party Transactions. Thus, there are no transactions required to be reported in Form AOC-2.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS

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

EXTRACT OF ANNUAL RETURN

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

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.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

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 2020-21.

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.

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 have 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, 2021 and of the profit of the Company for the year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts are prepared on a going concern basis;
- (e) they have 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
Dated: 14th August, 2021 Chairman & Managing Director
Place: Chandigarh DIN: 00482035

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

The Indian Dairy industry is at the cusp of another revolution, moving towards increased contribution from various value-added milk products. India, in its quest to become a matured dairy industry, is aggressively transitioning from unorganized to more of an organized and branded market. These two structural shifts from unorganised to organized market and from traditional products to value-added dairy products will provide long-term growth visibility to the organized dairy sector.

The demand for value-added products will be driven by changes in macro-economic factors like increase in urbanization, nuclear families, increasing number of dual income households with working women and improved per capita spending.

OPPORTUNITIES AND THREATS

The long-term outlook of Indian dairy sector is favourable on account of increasing population, increase in per capita consumption, increase in expenditure on package food, brand awareness, urbanization & increase in nuclear families and government support. The growth would be primarily driven by increase in the demand for value-added milk products, which is also margin improver for the players.

Anticipating and responding to the changing consumer preferences in a timely manner helps building a strong consumer demand for the brand. Therefore, continuous investments in research and development as well as introduction of new products with different variants of existing products becomes very important for the industry.

RISK AND CONCERN

Climate change and scarcity of water are the major threats to the dairy industry. A drought or a rainfall deficit results in increased cost of cattle feed and reduced availability of green fodder for cattle thereby constraining milk supply. Such adverse weather and seasonal conditions may lead to a decline in supply and a spike in raw milk prices.

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.6,10,43 lacs as against Rs.7,66,03 lacs in the previous year and resulting into operating profit of Rs.10,53 lacs against the operating profit of Rs.9,12 lacs in the previous year. During the year Rs.22,45 lacs was provided for Depreciation / Impairment Loss and Rs.22,78 lacs for Exceptional items resulting into Net loss of during the year as Rs.34,74 lacs as against Net Profit Rs.3,49 in the previous year.

During the year there was change in the business working arrangement with a large customer from Sales & Purchase to Job Work for Milk and Fermented Products. As a result of this, the net sales of the company has been impacted, however, there was no change in company's margins and business volumes.

Also during the year, due to logistic disruption at Delhi Border, supply of Fresh Milk and other dairy products to its major customer was adversely impacted.

The year under review has been a challenging year for everyone due to COVID-19 pandemic. This pandemic impacted the entire economy globally. The lockdown resulted in the closure of markets, which resulted in significant drop in the demand of milk and milk products. However, some of this demand was met by an increased consumption by the households led by lockdown.

Despite these odds, the Company obtained satisfactory growth in its own brand particularly in Fresh Milk and Fermented Products, due to expansion in its distribution network, over last year sales. The company hopes to further improve the performance in the coming times.

The current year has started on a cautious note with the second wave of COVID-19 again impacting the country and its economy. Now, with the gradual relaxations in lockdown and opening of various markets, the demand for dairy products has started to pick up slowly.

We are seeing good monsoons undergoing in the country currently. With better water & feed availability,



we are seeing stable growth in Milk Production, which augers well for the industry.

HUMAN RESOURCES

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

As at 31st March, 2021 the Company had a total workforce of 398 persons.

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
Dated: 14th August, 2021 Chairman & Managing Director
Place: Chandigarh
DIN: 00482035

ANNEXURE 'A' TO DIRECTORS' REPORT**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

[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
CIN: L74899HR1992PLC032998
136, K.M. G.T. ROAD,
KARNAL,
HARYANA-132001.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by MODERN DAIRIES LIMITED ("the listed entity") having Corporate Identification Number (CIN) L74899HR1992PLC032998 and registered office at 136 K.M., G.T. ROAD, KARNAL, HR 132001 IN (hereinafter called 'the company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

- 1 Based on our verification of the Company's books, papers, minutes book, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2021 complied with statutory provisions listed hereunder and also that company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
- (a) We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended March 31, 2021 according to the provisions of:
- 1 The Companies Act, 2013 (The Act) and the rules made there under;
 - 2 The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
 - 3 The Depositories Act, 1996 and Regulations and Bye-laws framed there under;
 - 4 Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings;
 - 5 The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations");

- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable (N.A.) to the Company during the year under review;
 - Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable (N.A.) to the Company during the year under review
 - Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable (N.A.) to the Company during the year under review.
 - Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable (N.A.) to the Company during the year under review.
 - Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable (N.A.) to the Company during the year under review.
 - Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013; Not Applicable (N.A.) to the Company during the year under review.
 - Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable (N.A.) to the Company during the year under review.
 - Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; [To the extent applicable].
 - Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable (N.A.) to the Company during the year under review.
- 6 We have relied on the representation made by the Company & its officer for system and mechanism formed by the Company for compliances under other Applicable Acts as Environment Laws & Labour Laws.

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
- (b) We have also examined compliance with the applicable clauses/ provisions of the following:
- i) Secretarial standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;



- ii) The Securities and Exchange Board of India (Listing Obligation Disclosure Requirements) Regulations, 2015;
- iii) The Listing Agreements entered into by the Company with BSE Limited;

During the period under review, the Company has generally complied with the provision of the Acts, Rules, Regulations, Guidelines and Standards etc. mentioned above.

- II. 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 relevant act.
- III. We further report that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Observation:

The Company not Complied with Section 197 of Companies Act 2013 in respect of remuneration paid to Managerial Personnel of the Company.

- IV. We further report that majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.
- V. We further report that there are adequate systems and process in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. However, the compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by me since the same have been subject to review by statutory auditors and other professionals.
- VI. We further report that during the audit period no specific events/ actions has taken place which has major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For P. Chadha & Associates
Practising Company Secretaries**

(Prince Chadha)

ACS No.: 32856

C P No.:12409

UDIN:A032856C000773398

Date: 13th August, 2021

Place: Chandigarh

Annexure:-A

To
THE MEMBERS
MODERN DAIRIES LIMITED
CIN: L74899HR1992PLC032998
136, K.M. G.T. ROAD,
KARNAL,
HARYANA-132001.

Our Secretarial Audit Report (Form MR-3) of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2 We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure the 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. Wherever required, we have obtained the Management representation about the compliance of law, rules, regulations and happening of event etc.
5. The compliance of provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit reports is neither an assurances as to the future viability neither of Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For P. Chadha & Associates
Practising Company Secretaries**

(Prince Chadha)

ACS No.: 32856

C P No.: 12409

UDIN:A032856C000773398

Date: 13th August, 2021

Place: Chandigarh

ANNEXURE 'B' TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2021

[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 nd 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, 1 st 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	70.05
2. Pure Desi Ghee	10504	12.62

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 1 st April, 2020)				No. of Shares held at the end of the year (as on 31 st March, 2021)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	7935287	0	7935287	34.03%	7935287	0	7935287	34.03%	-
b) Bodies Corp.	2719492	0	2719492	11.66%	2719492	0	2719492	11.66%	-
Total Shareholding of Promoter (A)	10654779	0	10654779	45.69%	10654779	0	10654779	45.69%	-

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 st April, 2020)				No. of Shares held at the end of the year (as on 31 st March, 2021)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1,533	9200	10733	0.05%	200	9200	9400	0.04%	-0.01%
b) Others - FFI (IFC)	0	-	0	0.00%	0	-	0	0.00%	-
Sub-total (B)(1):-	1533	9200	10733	0.05%	200	9200	9400	0.04%	-0.01%
2. Non-Institutions									
a) Bodies Corp- Indian	198667	14800	213467	0.92%	187862	14800	202662	0.87%	-0.05%
b) Individuals shareholders									
i) Holding nominal share capital upto Rs. 1 lakh	5641967	1629477	7271444	31.18%	5212673	1627477	6840150	29.33%	-1.85%
ii) holding nominal share capital in excess of Rs. 1 lakh	4707240	12600	4719840	20.24%	5052851	12600	5065451	21.72%	1.48%
c). Others - NRIs	367398	82200	449598	1.93%	465219	82200	547419	2.35%	0.42%
Sub-total (B)(2):-	10915272	1739077	12654349	54.26%	10918605	1737077	12655682	54.27%	0.01%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	10916805	1748277	12665082	54.31%	10918805	1746277	12665082	54.31%	0.00%
Grand Total (A+B)	21571584	1748277	23319861	100.00%	21571584	1748277	23319861	100.00%	0.00%

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year as on 1 st April, 2020			Share holding at the end of the year as on 31 st March, 2021			% change in share holding during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged to total shares held	No. of Shares	% of total Shares of the company	% of Shares Pledged to total shares held	
1. Alka Goyal	2828972	12.13%	100%	2828972	12.13%	100%	-
2. Krishan Kumar Goyal	2297343	9.85%	100%	2297343	9.85%	100%	-
3. Krishan Kumar Goyal (HUF)	1280000	5.49%	100%	1280000	5.49%	100%	-
4. Aditya Goyal	878772	3.77%	100%	878772	3.77%	100%	-
5. Chandigarh Finance Pvt. Ltd.	771892	3.31%	100%	771892	3.31%	100%	-
6. Shree Ganesh Invest. & Inds. Ltd.	720000	3.09%	100%	720000	3.09%	100%	-
7. Times Finvest and Commerce Ltd	670000	2.87%	100%	670000	2.87%	100%	-
8. Nabha Commerce Pvt. Ltd.	527600	2.26%	100%	527600	2.26%	100%	-
9. Amarjit Goyal	500200	2.14%	100%	500200	2.14%	100%	-
10. Amarjit Goyal (HUF)	150000	0.64%	100%	150000	0.64%	100%	-
11. Bharat Forgings Pvt. Ltd	30000	0.13%	100%	30000	0.13%	100%	-
TOTAL	10654779	45.69%	100%	10654779	45.69%	100%	-

(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 st April, 2020		Purchase during the year	Sales during the year	Cumulative shareholding at the end of the year as on 31 st March, 2021	
	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	622608	2.67%	-	-	622608	2.67%
2. Laven Kumar Goyal*	41655	0.18%	285200	-	326855	1.40%
3. Rachanadevi Raju Agarwal	242818	1.04%	-	-	242818	1.04%
4. Ajay Goyal	144100	0.62%	-	-	144100	0.62%
5. Brijesh Kumar Patel	132966	0.57%	-	-	132966	0.57%
6. Vijay Garg	125089	0.54%	-	-	125089	0.54%
7. Usha Singal	122287	0.52%	-	-	122287	0.52%
8. Chandra Prakash Gupta	80145	0.34%	30800	-	110945	0.48%
9. Sunaina Nareshkumar Saraf	107998	0.46%	-	-	107998	0.46%
10. Suresh Poonati	673	0.00%	99000	5000	94673	0.41%
11. Anand Omprakash Agrawal#	88010	0.38%	-	-	88010	0.38%

Note:

*Not in the list of top 10 shareholders as on 01/04/2020. The same has been reflected above since the shareholders were one of the top ten shareholders as on 31/03/2021.

#Ceased to be in the list of top 10 shareholders as on 31/03/2021. The same is reflected above since the shareholders were one of the top 10 shareholders as on 01/04/2020.

(v) Shareholding of Directors and Key Managerial Personnel:

Mr. Krishan Kumar Goyal (Chairman & Managing Director) and Mr. Ashwani Kumar Aggarwal (Executive Director) hold 22,97,343 and 400 shares respectively at the beginning and at the end of the year. Mr. Mukesh Sehgal, GM (Corporate Finance) and CFO and Ms. Shruti Joshi, Company Secretary 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 Lacs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on 1st April, 2020				
i) Principal Amount	1,14,93.74	49,90.30	-	1,64,84.04
ii) Interest due but not paid	81.78	-	-	81.78
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,15,75.52	49,90.30		1,65,65.82
Change in Indebtedness during the financial year				
- Addition				
- Reduction				
Net Change				
Indebtedness at the end of the financial year as on 31st March, 2021				
i) Principal Amount	1,14,93.74	49,90.30	-	1,64,84.04
ii) Interest due but not paid	81.78	-	-	81.78
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,15,75.52	49,90.30		1,65,65.82

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

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

By order of the Board of Directors
For Modern Dairies Limited

Dated: 14th August, 2021
Place: Chandigarh

Krishan Kumar Goyal
Chairman & Managing Director
DIN: 00482035

ANNEXURE 'C' TO DIRECTORS' REPORT

Information as per Section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2021.

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

	Current year 2020-21	Previous Year 2019-20
POWER		
a) Electricity Power		
Purchase Units (Kwh)	14360040	14861932
Total Amount Rs.	111160947	114155085
Rate per Unit Rs.	7.74	7.68
b) Other Generation		
Through Diesel Generator		
Unit (Kwh)	110860	177416
Total Amount Rs.	2215364	3608210
Unit per litre of Diesel Oil	3.19	3.10
Cost / Unit Rs.	19.98	20.34
FUEL		
Quantity (MT)	17161	19208
Total Amount Rs.	53613591	69686009
Rate / Unit Rs. per MT	3124.20	3627.88

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)	92.08	79.82
Fuel Quantity (Kgs.)	102.64	93.55

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

Dated: 14th August, 2021
Place: Chandigarh

Krishan Kumar Goyal
Chairman and Managing Director
DIN: 00482035

CORPORATE GOVERNANCE REPORT

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

1. COMPANY’S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

A. Composition and category of the Board of Directors

A list of Directors including the Chairman of the Board and their status as Executive/Non-Executive and Independent/Non- Independent for the year ended on 31st March, 2021 is set out below:

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

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

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

B. Board Meetings and Attendance

During the financial year ended on 31st March, 2021, 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
30 th June, 2020	5	5
14 th September, 2020	5	4
12 th November, 2020	5	4
18 th December, 2020	5	4
10 th February, 2021	5	5

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

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

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

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

3. AUDIT COMMITTEE

a. Terms of reference of Audit Committee

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- (21) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

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

b. Composition of Audit Committee

- i. The Company has an Audit Committee as per provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Section 177 of the Companies Act, 2013. Prof. Satish Kapoor, Dr. 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 Chairperson 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 30th June 2020, 14th September 2020, 12th November 2020 and 10th February 2021. The status of attendance of members at the Audit Committee held during the year 2020-21 is as under:

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

4. NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

b. Composition of Nomination and Remuneration Committee

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

Name of Director	Member/Chairman
Dr. A.K. Vashisht	Chairman
Prof. Satish Kapoor	Member
Dr. Renu Vig	Member

c. During the year, one meeting of the Committee was held on 14th September, 2020.

Name of Director	No. of Meetings held	No. of Meetings attended
Prof. Satish Kapoor	1	1
Dr. A.K. Vashisht	1	1
Dr. Renu Vig	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 2020-21. Led by the Nomination and Remuneration Committee ('NRC'), the evaluation was carried out using individual questionnaires covering composition of Board, conduct as per Company values & beliefs, contribution towards development of strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

5. REMUNERATION OF DIRECTORS

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

a. Details of Remuneration paid to the Directors during the financial year ended 31st March, 2021
Amount in Rs.

Name of the Director	Salary	Perquisites	Benefits/PF	Stock Option	Sitting Fee	Total
Mr. Krishan Kumar Goyal	-	-	-	-	-	-
Prof. Satish Kapoor	-	-	-	-	1,90,000	1,90,000
Dr. A.K. Vashisht	-	-	-	-	1,90,000	1,90,000
Dr. Renu Vig	-	-	-	-	40,000	40,000
Mr. A.K. Aggarwal	24,00,000	11,59,920	21,600	-	-	35,81,520

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

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by shareholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

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

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

- c. The Chairman of the Committee Prof. Satish Kapoor is a Non-Executive Independent Director nominated by the Board.
- d. The Chairperson of the Stakeholders Relationship Committee was present at the last Annual General Meeting to answer the Shareholders queries.
- e. During the financial year ended 31st March, 2021, four meetings of the Stakeholders Relationship Committee were held on 30th June 2020, 14th September 2020, 12th November 2020 and 10th February 2021.

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

- f. During the year 2020-2021, 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. Dr. A.K. Vashisht and Mr. A. K. Aggarwal are the members of the Committee.

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

No meeting of the Committee was held during the year.

9. ALLOTMENT COMMITTEE

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

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

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

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

10. GENERAL BODY MEETINGS

Financial Year	Location	Date	Time
2017-18	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	28 th September, 2018	11.00 A.M.
2018-19	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	28 th September, 2019	11.30 A.M.
2019-20	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	18 th December, 2020	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 26th AGM dated 28th September, 2018, no Special Resolution was passed:
- (ii) In the 27th AGM dated 28th September, 2019, the following Special Resolutions were passed:
 - (a) Re-appointment of Prof. Satish Kumar Kapoor as a Non-Executive Independent director for second term of three consecutive years.
 - (b) Re-appointment of Dr. Avtar Krishan Vashisht as a Non-Executive Independent director for second term of three consecutive years.
 - (c) To adopt new set of Memorandum of Association/ Articles of Association as per Companies Act, 2013.
 - (d) Approval of remuneration paid to Mr. Krishan Kumar Goyal, as Managing Director from 1st April, 2017 pursuant to amended Section 197 of Companies Act, 2013.
 - (e) Approval of remuneration paid to Mr. Ashwani Kumar Aggarwal, as Executive Director from 1st April, 2017 pursuant to amended Section 197 of Companies Act, 2013.
- (iii) In the 28th AGM dated 18th December, 2020, the following Special Resolutions were passed:
 - (a) Re-appointment of Mr. Krishan Kumar Goyal (DIN: 00482035) as Chairman & Managing Director for second term of five consecutive years.
 - (b) Re-appointment of Mr. Ashwani Kumar Aggarwal as Executive Director for second term of three consecutive years.

- (c) Re-appointment of Dr. Renu Vig as a Non-Executive Independent director for second term of two consecutive years .
- (d) Ratification of the remuneration of the Cost Auditors for the financial year ending 31st March, 2021.

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, and information relating to Annual General Meeting, Book Closures is published in The Financial Express and Jansatta 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: Wednesday, 29th September, 2021 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 th June, 2021	August, 2021 (2 nd week)
30 th September, 2021	November, 2021 (2 nd week)
31 st December, 2021	February, 2022 (2 nd Week)
31 st March, 2022	May, 2022
Annual General Meeting	By September, 2022

4. Book Closure Date:

From 23rd September, 2021 to 29th September, 2021 (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
2020							
April	3.00	1.88	2.75	1,42,270	33887.25	27500.79	33717.62
May	5.24	2.52	4.96	1,74,047	32845.48	29968.45	32424.10
June	5.54	4.34	5.53	2,33,323	35706.55	32348.10	34915.80
July	5.50	3.83	3.83	52,055	38617.03	34927.20	37606.89
August	4.69	3.70	4.01	1,50,113	40010.17	36911.23	38628.29
September	4.20	2.96	3.58	70,964	39359.51	36495.98	38067.93
October	5.01	3.10	3.94	2,22,670	41048.05	38410.20	39614.07
November	4.40	3.52	4.19	2,36,723	44825.37	39334.92	44149.72
December	5.35	4.05	5.32	7,65,724	47896.97	44118.10	47751.33
2021							
January	7.44	5.12	6.95	8,29,875	50184.01	46160.46	46285.77
February	11.02	6.60	10.66	10,08,432	52516.76	46433.65	49099.99
March	14.45	9.30	10.07	9,46,758	51821.84	48236.35	49509.15

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:

92.51% 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. However, SEBI vide its press release on March 27, 2019 clarified that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository with effect from April 01, 2019.

10. Distribution of Shareholdings as on 31st March, 2021:

SHAREHOLDING		SHAREHOLDERS		NO. OF SHARES	
From	To	Number	% of total	Number	% of total
1	500	11705	81.34	2497793	10.71
501	1000	1372	9.53	1139687	4.89
1001	2000	583	4.05	938476	4.02
2001	3000	209	1.45	547557	2.35
3001	4000	93	0.65	331917	1.42
4001	5000	121	0.84	575831	2.47
5001	10000	152	1.06	1131187	4.85
10001	50000	115	0.80	2242981	9.62
50001	100000	19	0.13	1354187	5.81
100001	And above	22	0.15	12560245	53.86
TOTAL		14391	100.00	23319861	100.00

Shareholding Pattern of the Company as on 31st March, 2021:

Category	No. of shares held	%age of shareholding
1. Promoters & Promoter Group	10654779	45.69%
2. Mutual Funds & Banks	9400	0.04%
3. Bodies Corporate (not included above)	202662	0.87%
4. Indian Public	11905601	51.05%
5. NRIs/OCBs	547419	2.35%
TOTAL	23319861	100.00%

11. Dematerialization of Shares:

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

Share Dematerialization record: The following data indicates the extent of Dematerialization of Company's shares as on 31st March, 2021:

No. of Shares : 2,15,73,584	92.51% of the total equity
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12. Commodity price risk or foreign exchange risk and hedging activities:

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

13. Plant Location of the Company:

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

14. Correspondence Address:

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

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

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

15. Other Disclosures:

- a) Disclosure on materially significant related party transactions: Nil
- b) Details of non-compliance by listed Company, penalties:
BSE Ltd. imposed a penalty of Rs. 2,43,563/- for non-compliance with Regulation 6(1) of SEBI (LODR) Regulations, 2015 during the year 2020-21. The Company duly paid the said amount.
- c) Detail of establishment of vigil mechanism, whistle blower policy:
The Company has established a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Directors and employees to report concerns about unethical behavior. No person is denied access to the Chairman of the Audit Committee.
- d) Details of compliance with mandatory requirements:
The Company is complying with all the mandatory requirements as given by Stock Exchange/Registrar of Companies.
- e) The Company is not having any subsidiary, therefore no policy for determining material subsidiaries.
- f) A certificate from a Company Secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.
The Certificate of Company Secretary in practice is annexed herewith as a part of the report.
- g) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part. Details relating to fees paid to the Statutory Auditors are given in Relevant Note to the Financial Statements.
- h) Your Company has in place a policy on Prevention of Sexual Harassment at workplace. This policy is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees are covered under this Policy.
As per the said Policy, an Internal Complaints Committee is also in place to redress complaints received regarding sexual harassment. No complaints were received during financial year 2020-21.

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.

Date : 14th August, 2021
Place : Chandigarh

Krishan Kumar Goyal
Chairman and Managing Director
DIN: 00482035



MODERN DAIRIES LIMITED

Certificate on Compliance with the conditions of Corporate Governance under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To,
The Members of
MODERN DAIRIES LIMITED
136 K.M., G.T. ROAD, KARNAL, HR 132001 IN

We have examined the compliance of conditions of Corporate Governance by Modern Dairies Limited (the company) for the year ended on 31st March 2021 as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information, and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as per the Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For **P. Chadha & Associates**
Company Secretaries

Date: 13th August, 2021
Place: Chandigarh

(Prince Chadha)
M. No: - 32856
C.P. No: - 12409
UDIN: - A032856C000773442

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

To,
The Members of
MODERN DAIRIES LIMITED
CIN: L74899HR1992PLC032998
136 K.M., G.T. ROAD, KARNAL, HR 132001 IN

I/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **MODERN DAIRIES LIMITED [CIN L74899HR1992PLC032998]** and having registered office at 136 K.M., G.T. ROAD, KARNAL, HR 132001 IN (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to me / us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

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

For **P. Chadha & Associates**
Company Secretaries

Date: 13th August, 2021
Place: Chandigarh

(Prince Chadha)
M. No: - 32856
C.P. No: - 12409
UDIN: - A032856C000773431

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, 2021, 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 Companies Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINION

We have audited the standalone financial statements of Modern Dairies Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, 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, these quarterly financial results as well as the year to end results are presented in accordance with requirements of Regulation 33 of the SEBI (listing obligation and disclosure requirement) Regulations, 2015 in this regard and give a true and fair view of total comprehensive income comprising of net profit and other comprehensive income and financial information for the quarter ended 31st March, 2021 and for the year ended March 31st, 2021.

Basis for Qualified Opinion

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

The Company is not eligible to pay director remuneration for non-compliance of conditions

prescribed in schedule V of the companies Act, 2013. During the year, the company has given the director remuneration to Mr. Ashwani Kumar Aggarwal (Executive Director) amounting to Rs. 35,81,520 (for current quarter Rs.8,95,380).

Apart from the managerial remuneration for the year ended 31st March, 2021, as mentioned above the company has paid director remuneration of **Rs. 1,51,52,782/-** till 31st March, 2021 without complying the provisions of Schedule V of the companies Act, 2013.

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

EMPHASIS OF MATTER

(A) Assignment of SBI debt to ARC

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

During the reporting period there has been no written agreement between the Company and Edelweiss Asset Reconstruction Company Limited to crystallize the amount payable and interest thereon to them. The Company is paying Rs 25 Lakhs per month as adhoc Payments to Edelweiss. In absence of any agreement in this regard, the components of such payment cannot be ascertained, hence any liability for deduction of TDS, if may arising on such future ascertainment has not been provided.

One Time Settlement (OTS) with PNB

The Company's accounts with lenders have been NPA for quite some time and State Bank of India has already show cased its portion of loan in April, 2018 and the said loan has been taken over by Edelweiss Asset Reconstruction Company.

Punjab National Bank vide its letter dated 26.02.2019 had sanctioned an One Time Settlement (OTS) to the company for an amount of Rs.45.84 Crores for Fund Based and Rs.15.76 Lacs for Non-Fund based. Against the dues towards PNB, Rs. 6 Crore was paid by the Company and has submitted its proposal for extension of the repayment period of the remaining amount. The matter is pending before the Hon'ble High Court. Further the company is also taking up the issue with Canara Bank to find out a resolution in the account. The Company's various credit facilities, including Optionally Convertible Debentures have been declared "Non-Performing Assets"/ Recalled by its respective banks. There is a usual practice that banks discontinue to account for as "income" in respect to the accrued interest on such assets, subsequent to the declaration of these as "Non-performing assets". The bankers of the company too have not accounted as "income" in respect to the interest subsequent to NPA declaration date. In order to achieve the desired congruency on this issue & uncertainty of the amount liable to be paid, the management of the company has not provided for such interest i.e. interest on credit facilities subsequent to the date of declaration of these credit facilities as non-performing. Such interest amounts to **Rs. 8.24 Crores** and **Rs. 31.72 Crores** for Current quarter & Year ended 31st March 2021 respectively (including on the assigned debts of SBI) and **Rs 16.205 Lakhs** and **Rs 65.722 Lakhs** in respect to optionally converted debentures for Current Quarter & year ended 31st March 2021 respectively which has resulted in the understatement of current liabilities and overstatement of profits by same amount. Even though the debts of SBI have been assigned to Edelweiss Asset Reconstruction Company Limited, in absence of any express agreement between the company and Edelweiss Asset Reconstruction Company Limited, no interest has been accounted for in this respect. This interest is not recorded in Profit & Loss Account.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

CA Harsharanjit Singh Chahal
Partner
Membership No. 091689
UDIN: 20091689AAAAEUE6254

Date: 30th July, 2021
Place : Chandigarh

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of the company for the year ended 31st March, 2021. 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 lacs)	Amount paid under protest (in lacs)	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	18,94.13	5,91.00	2001-02 to 2020-21	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	2,68,99.44	-	2001-02 to 2020-21	Hon'ble Supreme Court of India

Central Excise Act, 1944	CENVAT credit interest	77.21	77.21	2005-06, 2006-07	Custom Excise and Service Tax Appellate Tribunal.
Haryana Tax on Entry of Goods into Local Areas Act, 2003	Entry Tax	1,64.58	-	2007-08 to 2018-19	Hon'ble Supreme Court of India

(viii) During the year ended 31st March 2021, 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 31.03.2021 is as under:

Sr. No.	Name of the bank	Amount of default (in Lakhs)	Date of default
1	Punjab National Bank	1,02,69.02	30.11.2015
2	State Bank of India	39,95.51	30.11.2015
3	Canara Bank	21,94.51	31.10.2015

*It doesn't include interest of Rs. 32,38.34 lacs not provided in books regarding various loans and optionally convertible debentures till 31st March 2021.

- (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. 015935N

CA Harsharanjit Singh Chahal
Partner
Membership No. 091689

Dated: 30th July, 2021
Place: Chandigarh

Annexure 2

Annexure to the Independent Auditor's Report of even date to the members of Modern Dairies Limited, on the financial statements for the year ended 31st March, 2021

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 31st March 2021, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For AARYAA & ASSOCIATES
Chartered Accountants

Date: 30th July, 2021
Place: Chandigarh

CA Harsharanjit Singh Chahal
Partner
Membership no. 091689
(Firm Registration No. 015935N)

BALANCE SHEET AS AT 31ST MARCH 2021
(All amounts in ₹ lacs, unless stated otherwise)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	33,94.94	74,28.00
(b) Capital work-inprogress		23.87	1,63.92
(c) Other Intangible assets	3	4.87	6.86
(d) Financial Assets			
(i) Investments	4	1.33	1.33
(iii) Long-term loans and advances	5	1,99.99	1,67.93
(e) Deferred tax assets (net)	6	-	-
		36,25.00	77,68.04
2 Current assets			
(a) Inventories	7	23,76.54	25,60.77
(b) Financial Assets	8	57.05	53.91
(i) Trade receivables	9	9,18.77	23,06.45
(ii) Cash and cash equivalents	10	1,08.48	89.42
(iii) Short-term loans and advances	11	0.38	0.25
(c) Other current assets	12	3,57.37	2,42.43
(d) Asset Held for Disposal	13	1.60	5.00
Grand Total		38,20.19	52,58.23
Total Assets		74,45.19	1,30,26.27
EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share capital	14	23,35.89	23,35.89
(b) Other Equity	15	1,36,46.55	(1,01,68.71)
		1,13,10.66	(78,32.82)
LIABILITIES			
2 Non-Current liabilities			
(a) Financial Liabilities			
(i) Long Term Borrowings	16	-	-
(b) Provisions	17	1,09.12	89.62
(c) Deferred tax liabilities (Net)	18	-	-
		1,09.12	89.62
3 Current liabilities			
(a) Financial Liabilities			
(i) Short term borrowings	19	25.00	25.00
(ii) Trade payables	20	15,55.08	34,41.54
(iii) Other financial liabilities	21	1,53,15.67	1,56,26.11
(b) Other current liabilities	22	3,84.26	3,69.41
(c) Provisions	23	13,66.72	13,07.41
		1,86,46.73	2,07,69.47
Total Equity and Liabilities		74,45.19	1,30,26.27

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

For **AARYAA & ASSOCIATES**
Chartered Accountants

For **Modern Dairies Limited**

CA Harsharanjit Singh Chahal
Partner

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

A. K. Aggarwal
(Executive Director)
(DIN: 00486430)

Date: 30th July, 2021
Place : Chandigarh

Mukesh Sehgal
(Chief Financial Officer)

Shruti Joshi
(Company Secretary)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
REVENUE			
I Revenue From Operations	24	6,10,08.01	7,65,60.68
II Other Income	25	35.54	42.70
III Total Income (I+II)		6,10,43.55	7,66,03.38
IV EXPENSES			
Cost of materials consumed	26	5,56,83.91	7,24,81.17
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	27	25.83	(10,48.72)
Employee benefits expense	28	11,33.38	10,16.91
Finance costs	29	3.85	12.30
Depreciation/ Impairment Loss and amortization expenses	30	22,44.86	5,51.27
Other expenses	31 & 32	31,47.25	32,41.66
Total expenses (IV)		6,22,39.08	7,62,54.59
V Profit/(loss) before exceptional items and tax (III- IV)		(11,95.54)	3,48.79
VI Exceptional Items		22,77.94	-
VII Profit/(loss) before tax (V-VI)		(34,73.47)	3,48.79
VIII Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
IX Profit (Loss) for the period		(34,73.47)	3,48.79
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		(2.59)	9.01
XI Total Comprehensive Income for the period (IX+X)(Comprising Profit (Loss) and Other Comprehensive Income for the period)		(34,76.07)	3,57.80
XII Earnings per equity share (for continuing operation):			
(1) Basic		(14.89)	1.50
(2) Diluted		(14.89)	1.50
XIII Earnings per equity share (for discontinued & continuing operations)			
(1) Basic		(14.89)	1.50
(2) Diluted		(14.89)	1.50

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

Date: 30th July, 2021

Place : Chandigarh

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

(Chief Financial Officer)

For **Modern Dairies Limited****A. K. Aggarwal**(Executive Director)
(DIN: 00486430)**Shruti Joshi**

(Company Secretary)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(All amounts in ₹ lacs, unless stated otherwise)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A Cash flow from operating activities:		
Profit/(Loss) before tax	(34,76.07)	3,57.80
Adjustments for:		
Depreciation and amortisation	22,44.86	5,51.27
Depreciation as Exceptional Items	22,77.94	-
Provision for milk cess	59.06	59.06
Balances written off	0.02	0.13
Liabilities written back	(7.04)	(3.12)
Interest expense	3.85	12.30
Interest income	(11.63)	(10.94)
Employee benefits	24.69	24.80
Changes in Accounting policy/Prior Period Errors	(1.77)	(2.20)
Operating loss before working capital changes	11,30.95	9,89.10
Adjustments for movement in:		
Increase/Decrease in long-term loans and advances	(34.30)	16.69
Increase/Decrease in inventories	1,84.23	(11,82.84)
Increase/Decrease in Financial Assets	(3.14)	(53.91)
Increase/Decrease in trade receivables	13,70.64	7,70.40
Increase/Decrease in other current assets	(1,14.96)	74.75
Increase/Decrease in Asset Held for Disposal	3.40	(5.00)
Increase/Decrease in short term loans and advances	(0.13)	(7,50.25)
Increase/Decrease in long-term provisions	19.50	14.01
Increase/Decrease in trade payables	(18,79.42)	7,32.42
Increase/Decrease in other current liabilities	14.85	41.06
Increase/Decrease in short-term provisions	(24.44)	(25.41)
Net cash generated from operations	6,67.18	6,21.03
Taxes paid	(2.24)	(4.77)
Net cash generated from operating activities	6,69.42	6,25.80
B Cash flow from investing activities :		
Purchase of fixed assets (including capital work in progress and movement in creditors for capital goods)	(3,52.74)	(5,07.15)
Sale of non-current investments	-	0.31
Proceeds from sale of fixed assets	5.04	3.46
Interest received	11.63	10.94
Net cash used in investing activities	(3,36.07)	(4,92.43)
C Cash flow from financing activities		
Repayment of long-term borrowings	(2,99.99)	(4,65.51)
Proceeds from short term borrowings	-	25.00
Increase/Decrease in Other financial liabilities	(3,10.44)	(1,89.27)
Interest/Principal paid	2,96.14	4,28.21
Net Cash used in financing activities	(3,14.29)	(2,01.57)
Net increase/(decrease) in cash and cash equivalents	19.06	(68.21)
Cash and cash equivalents at the beginning of the year	89.42	1,57.63
Cash and cash equivalents at the end of the period	1,08.48	89.42
Components of cash and cash equivalents:-		
Cash in hand	11.28	18.80
Balances with Scheduled Banks		
In current accounts	97.20	70.62
Cash and cash equivalents in cash flow statement:	1,08.48	89.42

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

Notes 1 to 46 form an integral part of these financial statements

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

For **AARYAA & ASSOCIATES**
Chartered Accountants

For **Modern Dairies Limited**

CA Harsharanjit Singh Chahal
Partner

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

A. K. Aggarwal
(Executive Director)
(DIN: 00486430)

Date: 30th July, 2021
Place : Chandigarh

Mukesh Sehgal
(Chief Financial Officer)

Shruti Joshi
(Company Secretary)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1) Basis of preparation of Financial Statements

i) Statement of Compliance

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

ii) Basis of Preparation

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

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

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

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

The Company's various credit facilities declared as NPA for which one time settlement was pending have been recalled by the bank and as such the amounts of such term loans and corporate loans 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.

2.2) Use of Estimates

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

2.3) Property, Plant and Equipment and Depreciation

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

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

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

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

The management has reassessed the useful life of the plant & machinery of Unit-II to compute depreciation as per advice of expert. The management has decided to revise the useful life from 25 years existing to 15 years.

The change in method of computing the depreciation has affected the profitability to the extent of Rs. 2.85 Crores for the year under review. The exceptional item amounting to Rs. 22.78 Crore constitutes for the additional depreciation provided during the previous year by virtue of change in useful life of the plant & machinery as decided by management.

During the year Company has reclassified its Standby Equipment's from Capital Nature to Revenue Nature retrospectively due to which the net block of the Standby Equipment's has been fully depreciated during the year resulting in increase of Rs. 10.60 Crore in the Depreciation and affecting the profit/loss of the company to that extent.

Assets held for Disposal

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

2.4) Intangibles and Amortization

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

2.5) Inventories

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

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

2.6) Foreign Exchange Transaction

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

Forward Exchange contracts not intended for trading or speculation purpose

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

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

2.7) Employees Benefits

(a) Short Term Obligations

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

(b) Post Employment obligations

The company operates the following post-employment schemes:

Defined benefit plan such as gratuity, provident fund

(c) Defined benefit obligations

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

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

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

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

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

(d) Provident Fund

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

(e) Bonus Payable

The outstanding amount of bonus in the following years.

Details as follows :

Financial year	Amount Payable
2017-18	25,605
2018-19	1,08,887
2019-20	23,996

2.8) Investments

(a) Classification

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

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

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

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

(b) Measurement

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

2.9) Borrowing Costs

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

a) Interest on Non-Convertible Debentures:

The Company's Corporate Debt Restructuring (CDR) package was approved by Corporate Debt Restructuring Empowered Group (CDREG) vide letter dated 19th October 2011. As per CDR approval, at the end of two years i.e. 1st April 2013, outstanding balance of Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) taken from respective banks has been converted into Rs. 49,65,30,325 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 31st 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. 65.681 Lakhs** which has resulted in the understatement of current liabilities and losses by **Rs. 65.681 Lakhs**.

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

The Company's various credit facilities, including Optionally Convertible Debentures have been declared "Non-Performing Assets"/ Recalled by its respective banks. There is a usual practice that banks discontinue to account for as "income" in respect to the accrued interest on such assets, subsequent to the declaration

of these as “Non-performing assets”. The bankers of the company too have not accounted as “income” in respect to the interest subsequent to NPA declaration date. In order to achieve the desired congruency on this issue & uncertainty of the amount liable to be paid, the management of the company has not provided for such interest i.e. interest on credit facilities subsequent to the date of declaration of these credit facilities as non-performing. Such interest amounts to **Rs. 8.24 Crores** and **Rs.31.72 Crores** for Current quarter & year ended 31st March 2021 respectively (including on the assigned debts of SBI) and **Rs. 16.205 Lakhs** and **Rs. 65.722 Lakhs** in respect to optionally converted debentures for current quarter & year ended 31st March 2021 respectively which has resulted in the understatement of current liabilities and overstatement of profits by same amount. Even though the debts of SBI have been assigned to Edelweiss Asset Reconstruction Company Limited, no interest has been accounted for in this respect. This interest is not recorded in Profit & Loss Account. As the Term Loans, Corporate Loans and also OCDs has been taken over by the Edelweiss hence the payments made to Edelweiss has been adjusted against the Term Loans, Corporate Loans and OCDs.

2.10) 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:

Amortized 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 amortized cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognized 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 recognized in OCI is reclassified to the statement of profit and loss. Interest income calculated using EIR method and impairment loss, if any are recognized 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 value through profit or loss. Changes in fair value and income on these assets are recognized in the statement of profit and loss.

ii) Equity Instruments

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

Amortized cost -

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

d) Derecognition of financial assets and financial liabilities

The Company derecognizes 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 derecognized when the obligation under the liability is discharged or

expires.

2.11) Revenue Recognition

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

Revenue from Goods

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

Revenue from Services

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

Interest

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

Interest on electricity has been provisionally booked as there is no reasonable certainty of when the interest will be received

2.12) Taxes on Income

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

As per books, loss for the year ended 31.03.2021 is **Rs. 3,476.07 Lakhs**. However, while calculating the loss, interest amounting to **Rs. 3,238.34 Lakhs** on borrowings and optionally convertible debentures was not provided in the books (Refer to point No. 2.9(b) of notes to accounts for further details). Therefore, if interest on the above is provided in statement of profit and loss, it will result in drastically increase in loss. Hence, deferred tax asset has not been recognized due to 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.

2.13) Impairment of Assets

As at 31st March 2021 the company has reviewed the future earning of its cash generating unit in accordance with Ind AS 109. As per the Company's said review the carrying amount of the assets does not exceed the future recoverable amount consequently, no adjustment is considered necessary by the management.

The company has provided for Impairment Loss on account of impairment in the value of plant & machinery of Unit-II of Butter, Casein & Ghee Sections during the year which has not been in use for a long period, the management has computed the Recoverable Value on the basis of Fair Value. The impairment loss amounting to Rs. 4.10 Crores provided for the year under review has been shown Separately in Fixed Assets Schedule.

2.14) 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. Contingent liabilities are disclosed by way notes.

2.15) Earning Per Share

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

2.16) 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.

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

3 Fixed assets
For the year ended 31st March, 2021

Particulars	Gross block			Accumulated depreciation and amortisation				Net block		
	As on 1 April 2020	As on 31 Mar 2021	Sales / Adjustment during the Period	As on 1 April 2020	Depreciation for the Period	Depreciation as Exceptional Items	Impairment Loss	Sales / Adjustment during the Period	As on 31 Mar 2021	As on 31 March 2020
Tangible assets										
Freehold land	1,89.93	1,89.93	-	-	-	-	-	-	1,89.93	1,89.93
Buildings	12,82.61	13,13.58	30.97	2,50.41	62.38				10,00.79	10,32.20
Plant and equipment	79,56.67	84,14.14	4,57.47	17,82.65	17,63.94	22,77.94	4,09.50		21,80.11	61,74.02
Furniture and fixture	13.53	14.27	0.74	7.01	0.89				7.90	6.52
Office equipments	18.13	21.74	3.61	9.62	2.17				11.79	8.51
Vehicles	31.51	9.55	21.96	14.69	3.99				16.92	16.82
Total	94,92.38	99,63.21	4,92.79	20,64.38	18,33.37	22,77.94	4,09.50	16.92	33,94.94	74,28.00
Intangible assets										
Computer software	13.84	13.84	-	6.98	1.99				4.87	6.86
Total	13.84	13.84	-	6.98	1.99	-	-	-	4.87	6.86
Grand Total	95,06.22	99,77.05	4,92.79	20,71.36	18,35.36	22,77.94	4,09.50	16.92	33,99.81	74,34.86

For the Year ended 31 March 2020
Amount in ₹ lakhs

Particulars	Gross block			Accumulated depreciation and amortisation				Net block	
	As on 1 April 2019	As on 31 March 2020	Additions during the year	As on 1 April 2019	Depreciation for the year	Sales / Adjustment during the year	Sales / Adjustment during the year	As on 31 March 2020	As on 31 March 2019
Tangible assets									
Freehold land	1,89.93	1,89.93	-	-	-	-	-	1,89.93	1,89.93
Buildings	12,71.66	12,82.61	10.95	1,88.69	61.72			10,32.21	10,82.97
Plant and equipment	76,34.25	79,56.67	3,42.78	13,22.52	4,79.42	19.28		17,82.65	63,11.73
Furniture and fixture	11.73	13.53	1.80	6.17	0.84			7.01	6.52
Office equipments	15.96	18.13	2.17	7.61	2.01			9.62	8.35
Vehicles	35.05	31.51	-	10.60	5.24			14.69	24.45
Total	91,56.58	94,92.38	3,57.70	15,35.59	5,49.22	20.44	20.44	20,64.37	74,28.00
Intangible assets									
Computer software	13.84	13.84	-	4.93	2.05			6.98	8.91
Total	13.84	13.84	-	4.93	2.05	-	-	6.98	8.91
Grand Total	91,72.42	95,06.22	3,57.70	15,40.52	5,51.27	20.44	20.44	20,71.35	74,34.87

4	Investments	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
	Non trade investments (at cost, unquoted)		
	Investment in equity shares (unquoted)	1.04	1.04
	Aricent Technologies (Holdings) Limited (1,069 equity shares (Previous year 1,069) of ₹ 10 each fully paid up)		
	Government securities		
	National savings certificates (pledged with sales tax authorities)	0.29	0.29
		<u>1.33</u>	<u>1.33</u>
5	Long-term loans and advances (unsecured considered good, unless otherwise stated)	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
	Security deposits	1,34.87	1,16.88
	Tax Deducted at Source Recoverable	48.81	51.05
	TCS Recoverable	16.31	-
		<u>1,99.99</u>	<u>1,67.93</u>
6	Deferred tax Assets (net)	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
	Deferred tax assets		
	Unabsorbed depreciation as per tax laws	73.10	13,32.78
	Deferred tax liabilities		
	Timing difference on depreciation and amortisation of tangible and intangible assets	73.10	13,32.78
	Deferred tax Assets (net) (the deferred tax asset is restricted to the extent of deferred tax liability)	<u>-</u>	<u>-</u>
7	Inventories (valued at lower of cost and net realisable value)	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
	Raw materials	1,22.71	2,72.35
	Work-in-progress	68.19	13.72
	Finished goods	16,07.97	16,88.27
	Stores and spares	3,00.64	3,37.24
	Packing materials	2,77.03	2,49.19
		<u>23,76.54</u>	<u>25,60.77</u>
8	Financial Assets	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
	Fixed Deposits	57.05	53.91
		<u>57.05</u>	<u>53.91</u>
9	Trade receivables(Unsecured)	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
	Considered doubtful	17.04	-
	Less: Allowance for bad and doubtful debts	17.04	-
		<u>-</u>	<u>-</u>
	Considered good	9,18.77	23,06.45
		<u>9,18.77</u>	<u>23,06.45</u>
10	Cash and bank balances	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
	(i) Cash and cash equivalents		
	- Cash in hand	11.28	18.80
	- Cheques in hand	-	-
	(ii) - Balances with banks		
	in current account	97.20	70.62
		<u>1,08.48</u>	<u>89.42</u>

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
11 Short-term loans and advances (unsecured considered good, unless otherwise stated)		
Loans and advances to employees	0.38	0.25
Security deposits	-	-
	<u>0.38</u>	<u>0.25</u>
12 Other Current Assets		
	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Prepaid expenses	32.27	24.29
Advances to suppliers	92.21	14.62
Balances with statutory and government authorities	1,44.90	1,18.62
Others	87.99	84.90
	<u>3,57.37</u>	<u>2,42.43</u>
13 Asset Held for Disposal		
	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Asset Held for Disposal	1.60	5.00
	<u>1.60</u>	<u>5.00</u>

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount in ₹ lakhs	Number	Amount in ₹ lakhs
14 Equity Share capital				
Authorised share capital				
Equity shares of ₹10 each	3,00,00,000	30,00.00	3,00,00,000	30,00.00
Equity shares of ₹10 each	<u>3,00,00,000</u>	<u>30,00.00</u>	<u>3,00,00,000</u>	<u>30,00.00</u>
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	2,33,19,861	2,331.99	2,33,19,861	23,31.99
Total	<u>2,33,19,861</u>	<u>2,331.99</u>	<u>2,33,19,861</u>	<u>23,31.99</u>
Forfeited shares				
Amount originally paid up	7,69.00	3.90	7,69.00	3.90
		<u>23,35.89</u>		<u>23,35.89</u>

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

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

(c) **Shareholders holding more than 5% of the shares**

	Number	Amount	% of holding	Number	Amount	% of holding
Equity shares of ₹10 each						
Alka Goyal	28,28,972	2,82.90	12.13	28,28,972	2,82.90	12.13
Krishan Kumar Goyal	22,97,343	2,29.73	9.85	22,97,343	2,29.73	9.85
Krishan Kumar Goyal (HUF)	12,80,000	1,28.00	5.49	12,80,000	1,28.00	5.49
	<u>64,06,315</u>	<u>6,40.63</u>	<u>27.47</u>	<u>64,06,315</u>	<u>6,40.63</u>	<u>27.47</u>

(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.

15 Other Equity

Amount in ₹ lakhs

Particulars	Reserves and Surplus					Total
	Capital Reserve	Securities Premium Reserve	ESOP Outstandings	Retained Earnings	Debt Instruments through other comprehensive income	
Balance as on 31st March, 2019	2,23.74	30,73.42	-	(1,38,21.48)	-	(1,05,24.32)
Changes in Accounting policy/Prior Period Errors	-	-	-	(2.20)	-	(2.20)
Restated Balance at the beginning of the Reporting Period	2,23.74	30,73.42	-	(1,38,23.68)	-	(1,05,26.52)
Profit for the year	-	-	-	348.79	-	348.79
Other Comprehensive Income for the year	-	-	-	9.01	-	9.01
Total Comprehensive Income for the year	2,23.74	30,73.42	-	13465.87	-	10168.71
Transaction with owners in capacity as owners	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	-
Bonus Shares	-	-	-	-	-	-
Movement During the Year	-	-	-	-	-	-
Balance as on 31st March, 2020	2,23.74	30,73.42	-	13465.87	-	10168.71

Amount in ₹ lakhs

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, 2020	2,23.74	30,73.42	-	(1,34,65.87)	-	(1,01,68.71)
Changes in Accounting policy/Prior Period Errors	-	-	-	(1.77)	-	(1.77)
Restated Balance at the beginning of the Reporting Period	2,23.74	30,73.42	-	(1,34,67.64)	-	(1,01,70.48)
Profit for the year	-	-	-	(34,73.47)	-	(34,73.47)
Other Comprehensive Income for the year	-	-	-	(2.59)	-	(2.59)
Total Comprehensive Income for the year	2,23.74	30,73.42	-	(1,69,43.71)	-	(1,36,46.55)
Transaction with owners in capacity as owners	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Transferred to Retained Earnings	-	-	-	-	-	-
Bonus Shares	-	-	-	-	-	-
Movement During the Year	-	-	-	-	-	-
Balance as on 31st March, 2021	2,23.74	30,73.42	-	(1,69,43.71)	-	(1,36,46.55)

16 Long Term Borrowings

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
From banks (Secured)	-	-
From others (unsecured)	-	-

17 Long-term provisions

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Provisions for gratuity	1.09.11	89.62

The following table set out the status of the plan for gratuity as required under Indian Accounting Standard IND AS 19:

Change in projected benefit obligation

Projected benefit obligation at the beginning of the year*	1,52.96	1,39.56
Service cost	14.29	14.10
Interest cost	10.40	10.71
Actuarial gain	2.59	(9.01)

Benefits paid	(7.53)	(2.39)
Projected benefit obligation at the end of the year*	1,72.71	1,52.96

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*	1,72.71	1,52.96
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Liability recognised in the balance sheet*	1,72.71	1,52.96
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*This includes short term portion of ₹63.95 lacs (previous year ₹50.67 lacs) as disclosed under note 20.

Components of net gratuity costs are

Service cost	14.29	14.10
Interest cost	10.40	10.71
Net gratuity costs	24.69	24.80

Other Comprehensive Income

Actuarial (gain)/loss for the year on PBO	2.59	(9.01)
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Actuarial assumptions

Discount rate	6.80%	6.80%
Rate of increase in compensation level	5.00%	5.00%
Average remaining life (years)	18.56	18.50

Demographic assumptions

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

18 Deferred tax liabilities (net)

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Deferred tax liabilities		
Timing difference on depreciation and amortisation of tangible and intangible assets	73.10	13,32.78
Deferred tax assets		
Unabsorbed depreciation as per tax laws	18,15.82	18,15.82
Deferred tax liabilities (net) (the deferred tax asset is restricted to the extent of deferred tax liability)	-	-

19 Short term borrowings

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Working capital borrowings from banks (secured)	-	-
From others (unsecured)	25.00	25.00
	<u>25.00</u>	<u>25.00</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.

20 Trade payables

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Dues to micro and small enterprises	25.81	18.10
Dues to others	15,29.27	34,23.44
	<u>15,55.08</u>	<u>34,41.54</u>

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	25.33	17.89
Interest due thereon	0.27	0.21
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	0.48	0.21
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.	-	-

21 Other financial liabilities

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Dues to Banks	1,14,93.74	1,14,93.74
Debentures Maturing within one year	49,65.30	49,65.30
Interest accrued but not due on borrowings	-	-
Interest accrued and due on borrowings	81.78	81.78
Book overdraft	24.85	35.29
	<u>1,65,65.67</u>	<u>1,65,76.11</u>
Less:		
Advances to Edelweiss	6,50.00	3,50.00
Advance to PNB	6,00.00	6,00.00
	<u>1,53,15.67</u>	<u>1,56,26.11</u>

The Company's various credit facilities declared as NPA for which one time settlement was pending have been recalled by the bank and as such the amounts of such term loans and corporate loans have been reclassified into current liabilities from non-current liabilities. In respect of OCDs, the entire amount shall be redeemable at the end financial year 2018-19 in one bullet payment; therefore, these are also reclassified into current liabilities, afterwards the Takeover of OCDs by Edelweiss these OCDs becomes overdue debt for the company. As the Term Loans, Corporate Loans and also OCDs has been takenover by the Edelweiss hence the payments made to Edelweiss has been adjusted against the Term Loans, Corporate Loans and OCDs.

22 Other current liabilities

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Current maturities of long term borrowings	-	-
Statutory & Other Dues	25.97	66.26
Employee related payables	1,24.44	1,05.25
Other payables	-	-
Provision for Doubtful Debts	-	-
Advance from customers	41.12	23.23
Security deposits	1,73.59	1,36.76
Creditors for capital goods	19.14	37.91
	<u>3,84.26</u>	<u>3,69.41</u>

23 Provisions

	As at 31 March 2021 Amount in ₹ lakhs	As at 31 March 2020 Amount in ₹ lakhs
Provision for gratuity	63.59	63.34
Provision for milk cess	18,94.13	18,35.07
Milk cess paid under protest	(5,91.00)	(5,91.00)
	<u>13,66.72</u>	<u>13,07.41</u>



MODERN DAIRIES LIMITED

Particulars	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
24 Revenue		
Revenue from operations		
Sale of products		
Export	69.49	-
Domestic	6,07,79.50	7,64,95.38
Other operating revenue	1,59.02	65.30
Revenue from operations	6,10,08.01	7,65,60.68
25 Other income	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
Interest income		
- from banks	3.40	10.94
- others	8.23	-
Profit on sale of fixed assets	-	2.68
Service Tanker Cleaning	7.27	9.03
Handling Charges Of Culture Product	1.64	1.62
Storage & Handling Charges Milk	4.44	-
Exchange fluctuation (net)	(0.46)	-
Balances written off	7.04	3.12
Notice Pay Deducted From Employees	0.46	0.58
Miscellaneous income	3.52	14.73
	35.54	42.70
26 Cost of materials consumed	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
Opening stock		
Raw materials	2,72.35	2,26.82
Packing materials	2,49.19	2,31.91
	5,21.54	4,58.73
Add : Purchases of raw materials during the year	5,36,60.25	7,04,50.28
Add : Purchases of packing materials during the year	19,01.86	2093.70
	5,55,62.11	72543.98
Less : Closing stock		
Raw materials	1,22.71	2,72.35
Packing materials	2,77.03	2,49.19
	3,99.74	5,21.54
	5,56,83.91	72481.17
27 Changes in inventories of finished goods and work-in-progress	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
Opening stock		
- Manufactured goods	16,88.27	6,24.76
- Work-in-progress	13.72	28.51
	17,01.99	6,53.27
Closing stock		
- Manufactured goods	16,07.97	16,88.27
- Work-in-progress	68.19	13.72
	16,76.16	17,01.99
Excise duty on change in stocks	-	-
	25.83	(10,48.72)
28 Employee benefit expense	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
Salaries, wages and bonus	10,81.42	9,75.03
Contribution to provident and other defined contribution funds	48.60	40.41
Staff welfare expenses	3.36	1.47
	11,33.38	10,16.91

29 Finance costs	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
Interest expenses		
- to banks	1.05	1.16
- others	2.80	11.14
	3.85	12.30
30 Depreciation and amortisation expense	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
Depreciation/ Impairment Loss and amortization expenses of tangible assets	22,42.87	5,49.22
Amortisation of intangible assets	1.99	2.05
	22,44.86	5,51.27
31 Other expenses	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
Consumption of stores and spare parts [refer note 30(d)]	4,51.31	4,45.84
Power and fuel	16,79.25	18,81.47
Rent	45.84	45.05
Repairs to		
- building	54.68	41.08
- machinery	89.68	79.36
- others	12.42	10.07
Insurance	13.87	14.52
Legal and professional expenses	28.90	59.44
Payment to auditors	8.09	11.10
Rates and taxes	3.85	2.28
Allowance for bad and doubtful debts	17.04	-
Travelling and conveyance	70.20	74.45
Provision for milk cess [refer note 28(b)]	59.06	59.06
Loss on sale/write off of fixed assets (net)	2.54	-
Revaluation Impact of Aseet Held for Disposal	3.40	-
Freight and forwarding charges	3,84.64	3,14.88
Other Manufacturing exp.	40.04	43.02
Miscellaneous expenses	1,82.44	1,60.04
	31,47.25	32,41.66
32 Prior period items	For the year ended 31 March 2021 Amount in ₹ Lakhs	For the year ended 31 March 2020 Amount in ₹ Lakhs
Expenses related to previous year [refer note (a) below]	-	-
Incomes related to previous year [refer note (b) below]	-	-
	-	-
33 Contingent Liabilities & Commitments		
Contingent Liabilities:	As at 31st March 2021 Amount in ₹ Lakhs	As at 31st March 2020 Amount in ₹ Lakhs
a) Claim against the Company not acknowledged as debts	--	--
b) Other money for which Company is contingent liable	241.79	4,31.24
Commitments:		
a) Estimated amounts of contractors remaining to be executed On capital accounts and not provided for.	--	--
b) Letter of credited against import of material	--	--
34 For the year 2020-21 interest accrued on long term and short term borrowings amounting to Rs. 3,172.62 lacs (Rs. 945.296 lacs to SBI, Rs.1,712.884 accrued to PNB and Rs. 514.436 lacs to Canara Bank has not been provided in the statement of profit and loss account as on 31 March 2021, as these loans have been categorized as NPA.		

35	<u>Earnings per share:</u>	As at	As at
		<u>31st March 2021</u>	<u>31st March 2020</u>
	Profit / (Loss) after taxation as per Statement of profit and Loss (₹ in lac)	(3,473.47)	348.79
	Equity shares outstanding	2,33,19,861	2,33,19,861
	Basic earnings per share in rupees (face value ₹ 10/- each)	(14.89)	1.50
	Diluted earnings per share in rupees (face value ₹ 10/- each)	(14.89)	1.50

36	<u>Payment to Auditors*</u>	As at	As at
		<u>31st March 2021</u>	<u>31st March 2020</u>
		<u>Amount in ₹ Lakhs</u>	<u>Amount in ₹ Lakhs</u>
	Audit Fees	6.75	6.75
	Tax Audit fees	0.75	0.75

*Exclusive of G.S.T

37 Statement of Turnover and Closing Stock Quantity in kgs.

Particulars	Turnover	Finished Goods		Work in Process	
		Closing Stock	Opening Stock	Closing Stock	Opening Stock
GHEE					
Current Year	31,80,588	2,08,121	1,50,030		
Previous Year	24,94,072	1,50,030	60,859		
S.M.P					
Current Year	1,14,136	1,04,731	1,19,867		
Previous Year	83,709	1,19,867	30,120		
D.W					
Current Year	1,37,750	15,000	6,250		
Previous Year	1,02,000	6,250	11,250		
W.M.P					
Current Year	0	4,150	10,250		
Previous Year	0	10,250	9,475		
BUTTER					
Current Year	0	4820	1,180		
Previous Year	20	1,180	8,940		
CHEESE					
Current Year	8,73,325	85,957	1,10,075		
Previous Year	8,25,554	1,10,075	78,944		
CASEIN					
Current Year	37,750	15,425	3,675		
Previous Year	44,625	3,675	1,300		
LACTOSE					
Current Year	6,77,450	20850	65,675		
Previous Year	6,05,791	65,675	1,675		
W.P.C 35					
Current Year	98,275	52,900	37,850		
Previous Year	1,39,925	37,850	45,925		
W.P.C 70					
Current Year	84,000	5,040	12,260		
Previous Year	45,101	12,260	19500		
Cream					
Current Year				2,000	5,800
Previous Year				5,800	3,030

- 42 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.
- 43 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. Shurti Joshi (Company Secretary)

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

Modern Steels Limited
Chandigarh Finance Private Limited
Mala Builders Private Limited
Nabha Commerce Private Limited
Bharat Forgings Private Limited
Smile Finvest Private Limited
Krishan Kumar Goyal (HUF)
Amarjit Goyal (HUF)

Relatives of KMP

Late Mr. Amarjit Goyal, Father of CMD*
Mrs. Alka Goyal, Wife of CMD
Mr. Aditya Goyal, Son of CMD
Mrs. Aesha Goyal, Son's Wife of CMD
Mrs. Sonam Jhunjhunwala, Daughter of CMD

* Demise on 02/12/2018

B) Transactions with the related parties

(₹ in Lacs)

Particulars	Key Management Personnel	Relatives of Key Management Personnel & their enterprises	Associates
Remuneration Including Perks	74.24 (67.68)	- (-)	- (-)
Interest On Unsecured Loan	- (-)	- (-)	- (-)
Loan Taken	- (-)	- (-)	- (-)
Loan Repaid	- (-)	- (-)	- (-)
Loan Given	- (-)	- (-)	- (-)
Loan Received back	- (-)	- (-)	- (-)
Interest Income	- (-)	- (-)	- (-)
Rent Paid	- (-)	36.00 (36.00)	- (-)
Share of Expenses Received	- (-)	- (-)	- (-)
Share of Expenses Paid	- (-)	3.05 (6.75)	- (-)
Purchase of Raw Material & Stores	- (-)	- (-)	- (-)
Sales Of Finished Products	- (-)	- (-)	- (-)

44 Management's disclosure in respect to inadmissible Managerial Remuneration

The company has paid Managerial Remuneration amounting to Rs.35,81,520/-, to directors without prior approval from the bank or public financial institution concerned or the non-convertible debenture holders or other secured creditor. The directors undertake that in case the approval is not received, the remuneration received by the Director shall be refunded. The financial Results are affected to that extent.

45 Going Concern

The company has incurred loss before providing interest on borrowings & optionally convertible debentures (Refer to point No. 2.9(b) of notes to accounts for further details) during the year ended 31st March 2021 & 31st March 2020. However, the current liabilities exceed current assets as on 31st March 2021 which represents that the company will not be in position to pay off its dues. Since, the company is focusing on fresh dairy products, it is expected that overall financial health of the company will improve considerably. The company is also working on its debts resolution.

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

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

For **AARYAA & ASSOCIATES**
Chartered Accountants

For **Modern Dairies Limited**

CA Harsharanjit Singh Chahal
Partner

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

A. K. Aggarwal
(Executive Director)
(DIN: 00486430)

Date: 30th July, 2021
Place : Chandigarh

Mukesh Sehgal
(Chief Financial Officer)

Shruti Joshi
(Company Secretary)

