

24th
**ANNUAL
REPORT**

2015-2016



MODERN DAIRIES LIMITED

BOARD OF DIRECTORS

Chairman & Managing Director
Mr. Krishan Kumar Goyal

Dr. Bhupendra Nath Mathur
Prof. Satish Kapoor

Dr. A.K. Vashisht

Dr. Renu Vig

Mr. Mohan Lal Sharma, Nominee Director

Mr. Satish Kumar Dua, Nominee Director

Mr. A.K. Aggarwal, Executive Director

COMPANY SECRETARY

Ms. Anubha Garg

AUDITORS

M/s. Walker Chandio & Co LLP
Chartered Accountants

BANKERS

Punjab National Bank
State Bank of India
Canara Bank

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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

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present their 24th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2016.

FINANCIALS

	₹ in Lacs	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Net Sales and other Income	49715	62673
Operating Loss	(173)	(125)
Finance Cost	1773	1790
Cash Loss	(1946)	(1915)
Depreciation & Amortisation	490	481

PERFORMANCE

During the year under review, the Company achieved Net Sales and Other Income of ₹ 497.15 crores against ₹ 626.73 crores in the previous year. In the current fiscal, the Company's export business remained challenging as the prices of milk in the domestic market did not go down in tandem with the farmgate prices as it happened internationally. As a result of this situation, the exports remained largely unviable during the year. The Company faced operating loss of ₹ 173 Lacs as against the operating loss of ₹ 125 Lacs, last year.

Looking into the difficult market situation, the Company revised its business strategy where focus was given on the sale of domestic products portfolio. The Company launched fresh dairy products like milk in sachets, fermented milk products and Cheese in its own brand. The Company is doing its best efforts to increase the volumes of fresh dairy products.

CURRENT OPERATIONS

During the quarter ending 30th June, 2016, the Company has achieved Net Sales and other Operating Income of ₹122.39 Crores as against ₹ 136.75 Crores during the same period last year.

The international market continues to be weak but the domestic market particularly for fresh dairy products like milk in sachets and fermented dairy products has good demand.

The country has received good monsoon this year and it is expected to have a positive impact on production and availability of milk.

MILK CESS

As the members are aware that the Company has filed a Special Leave Petition with the Hon'ble Supreme Court of India against the judgment of Hon'ble Punjab &

Haryana High Court challenging imposition of Milk Cess by the Govt. of Haryana.

The Hon'ble Supreme Court on 7th September, 2012, directed an interim stay of the High Court judgment and order subject to the Company's depositing 50% of the cess levied and demanded by the Government of Haryana which has been deposited by the Company with the Department within the stipulated time. In spite of that the Company continues to receive demand notice from Semen Bank officer. Demand notice at the year end stands at ₹ 84.48 crores. The matter is yet to come up for hearing.

OPTIONALLY CONVERTIBLE DEBENTURES

In terms of the CDR rework package Optionally Convertible Debentures were allotted by the Company to the lenders on 3rd April, 2013 at a coupon rate of 0.001% and had an option for conversion to the lenders within a period of 18 months.

The Company has offered a higher yield to the lenders in lieu of their conversion right. SBI has given its consent for increase in the interest rate 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. Accordingly resolution is put before the members in the ensuing Annual General Meeting for its approval.

STATUS OF COMPANY'S ACCOUNTS WITH LENDERS

In terms of CDR rework package, the working capital requirement of the Company for the year 2014-15 was assessed by the Lead Bank, PNB. PNB sanctioned and released its part of working capital but other consortium members i.e. SBI and Canara Bank have not released their part of working capital limits in spite of the directions given by CDR EG vide letter dated 1st February, 2016.

During the year, the lenders got the Techno Economic Viability (TEV) study of the Company's Corrective Action Plan (CAP) conducted from a leading consulting agency Dun & Bradstreet (D&B). The D&B has submitted its report to the lenders. Due to inordinate delay in sanctioning requisite funds as per CAP, non release of working capital by SBI and Canara Bank and losses suffered by the Company, the Company got in difficulties and was pushed into difficult position of NPA.

The Company is in discussions with the Lenders to find out a workable solution to get out of the present financial difficulties.

QUALITY, FOOD SAFETY & ENVIRONMENT STANDARDS

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

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

Management Systems are ISO 9001:2008, ISO 14001:2004, HACCP Certification and Food Safety Systems certification i.e. ISO:22000:2005 and ISO/TS 22002/1 certified, besides the Company's operations have been approved by the best multinationals operating in the country.

DIRECTORS

Dr. Renu Vig was appointed as an Additional Director (Non-Executive Independent Director) on the Board of Directors of the Company w.e.f. 1st July, 2015 and was regularized in the last Annual General Meeting of the Company held on 28th September, 2015.

Mr. Ashwani Kumar Aggarwal, Executive Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

BOARD MEETINGS

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

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as laid out in Sub Section (6) of Section 149 of the Companies Act, 2013 and SEBI (Listing Obligation and disclosure Requirement) 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, 2016, the Board consists of eight members out of which two are Executive Directors, two Nominee Directors and four are independent directors. The Board periodically evaluates the need for change in its composition and size.

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

AUDITORS

In the 22nd Annual General meeting held on 24th September, 2014, M/s. Walker Chandiook & Co LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office till the conclusion of AGM to be held in the year 2019, subject to the ratification by the members at every Annual General Meeting. M/s. Walker Chandiook & Co LLP, Statutory Auditors have tendered their resignation vide letter dated 23rd August, 2016.

Your management puts on record its sincere appreciations for the work done by M/s. Walker Chandiook & Co LLP during their term.

The Audit Committee and the Board of Directors recommends the appointment of M/s. Aaryaa & Associates, Chartered Accountants, as the Statutory Auditors of the Company, who shall hold office for a term of three consecutive years till the conclusion of 27th Annual General Meeting in accordance with the provisions of the Companies Act, 2013. M/s. Aaryaa & Associates, Chartered Accountants, have expressed their willingness to act as Statutory Auditors of the Company, if appointed and have confirmed their eligibility. In this regard, attention of the members is invited to item no. 3 of the Notice convening the forthcoming Annual General Meeting.

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 2016-17 on the recommendations of the Audit Committee subject to the ratification of the remuneration by the Shareholders.

The Board has appointed M/s. Sharma Sarin & Associates, Company Secretaries, to conduct Secretarial Audit for the Financial Year 2015-16. The Secretarial Audit Report in Form MR-3 for the Financial Year ended 31st March, 2016 is annexed herewith as Annexure 'A' to this report.

AUDITOR'S REPORT

All the comments of the Statutory Auditors on the Annual accounts are self explanatory and require no further explanation.

RISK MANAGEMENT

The Company recognises the 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.

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 Clause 17 of SEBI Regulations 2015) as of

31st March, 2016. The assessment involved self review and external audit.

Walker Chandio & Co., LLP, 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 Clause 18 of SEBI Regulations 2015), the Audit Committee has concluded that, as of 31st March, 2016, 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, 2016, which may affect the financial position of the Company.

FIXED DEPOSITS

Your Company did not invite or accept any fixed deposit pursuant to provisions of Chapter 5 of the Companies Act, 2013, during the year.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with Related Parties have been done at an arm's length and are in the ordinary course of business. Related Party disclosures as per AS-18 have been provided in the Notes to the Financial Statement.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS

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

HUMAN RESOURCES

Harmonious employee relations prevailed throughout the year. Your Directors place on record their appreciation for all categories of employees for their hard work and dedication.

There were no employees employed throughout the financial year or part thereof drawing remuneration as

prescribed under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

EXTRACT OF ANNUAL RETURN

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

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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the loss of the Company for the year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts are prepared on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPRECIATION

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

For & on behalf of the Board

Place: Chandigarh
Date: 31st August, 2016

Krishan Kumar Goyal
Chairman & Mg. Director
DIN: 00482035

MANAGEMENT DISCUSSION AND ANALYSIS INDUSTRY STRUCTURE & DEVELOPMENTS

With the rapid transformation of technology and the impact of cultural changes, society and consumers are also transforming on multiple dimensions.

Increased exposure, improved education and awareness, as well as changing aspirations at various levels of the income pyramid and the urban rural divide are creating opportunities. There is a need for dairy industry to understand and prepare for the emerging future. Anticipating healthy growth prospects in India, international dairy players have evinced keen interest for investments in dairy sector in India.

OPPORTUNITIES AND THREATS

Rising consumer willingness to buy quality packaged products, Milk consumption is shifting from unorganized to the organized sector. This is driven by increasing demand for packaged milk and value added products. The forecasts indicate a quantum growth across fresh dairy products and fermented milk products apart from value-added products such as ice-cream, cheese, yogurt, flavoured milk and UHT milk going forward.

Milk, the prime raw material for the operations of the Company faces price volatility which is dependent on vagaries of nature, where alternatives are not available.

The world economies continue to be in trouble impacted by global slowdown affecting commodity prices. Milk prices in India are not impacted by these factors, thereby making the exports un-viable.

There is a litigation pending before Hon'ble Supreme Court regarding milk cess imposed by Govt. of Haryana. The total outstanding milk cess liability as demanded by Semen Bank Officer as on 31st March, 2016 is ₹ 84.48 crores.

RISK & CONCERN

Like any agro based industry, the dairy industry is also dependent on the vagaries of nature which affect the production of milk. The milk being perishable can't be stored for processing at a later stage.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Board of Directors have an Audit Committee that is chaired by an Independent Director. The committee meets

periodically with Management, Internal Auditor, Statutory Auditors to review the Company's program of internal controls, audit plans and results, recommendations of the auditors and management's responses to those recommendations.

FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

During the year under review, the Company achieved Net Sales and Other Income of ₹ 497.15 crores against ₹ 626.73 crores in the previous year. In the international market, the prices of milk powders, Casein and other dairy commodities continued to be low during the year due to weak demand. On the other hand the domestic market was stable and the prices of milk and dairy products remained in tandem with the market. As a result of this situation, the exports were commercially unviable during the year. The Company's operations were adversely hit due to low capacity utilization of its Plants. The Company faced operating loss of ₹ 173 Lacs as against the operating loss of ₹ 125 Lacs, last year.

Looking into the difficult market situation, the Company revised its business strategy where focus was given on the sale of domestic products portfolio. The Company launched fresh dairy products like milk in sachets, fermented milk products and Cheese in its own brand. The Company is doing its best efforts to increase the volumes of fresh dairy products.

HUMAN RESOURCES

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

CAUTIONARY STATEMENT

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

For & on behalf of the Board

Place: Chandigarh
Date: 31st August, 2016

Krishan Kumar Goyal
Chairman & Mg. Director
DIN: 00482035

ANNEXURE 'A' to Directors' Report
Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

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

To,
The Members,
Modern Dairies Limited

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

Based on our verification of the Modern Dairies Limited, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, forms and returns filed and other records maintained by Modern Dairies Limited for the Financial Year ended on 31st March, 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other laws as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/industry is ;
 - (a) Food Safety and Standards Authority Act, 2006

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Ltd. (BSE).
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules,

Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. Company has filed consolidated MGT 10 on 31.03.2016, in regard to changes in shareholding i.e. increase/ decrease of 2% or more of the holding of shareholders under section 93 of the Companies Act, 2013 read with Companies (Management and Administrative) Rules, 2014.
2. Company has appointed CFO but Form MR-1 for appointment of CFO has not been filed with MCA portal.

We further report that:

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

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

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company has passed Special Resolution under Section 180 (1) (c) of the Companies Act, 2013.

for Sharma Sarin & Associates

GS Sarin
Partner

Place: Chandigarh
Date: 31st August, 2016

FCS No: 4025
CP No: 2751

The Secretarial Audit Report is to be read with our letter of even date which is annexed as Annexure a and forms an integral part of this report.

‘Annexure a’

To,
The Members
Modern Dairies Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process 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 laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

for Sharma Sarin & Associates

GS Sarin
Partner

Place: Chandigarh
Date: 31st August, 2016

FCS No: 4025
CP No: 2751

ANNEXEURE 'B' to Directors' Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on 31st March, 2016

(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 shall be stated:-

Name and Description of main products	NIC Code of the Product	% to total turnover of the company
1. Liquid Milk	04012000	42.95
2. Ghee	04059002	25.20

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 31 st March, 2015)				No. of shares held at the end of the year (as on 31 st March, 2016)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	6501887	1432000	7933887	34.02%	6501887	1432000	7933887	34.02%	-
b) Bodies Corp.	771892	1949000	2720892	11.67%	771892	1949000	2720892	11.67%	-
Total Shareholding of Promoter (A)	7273779	3381000	10654779	45.69%	7273779	3381000	10654779	45.69%	-

Category of shareholders	No. of shares held at the beginning of the year (as on 31 st March, 2015)				No. of shares held at the end of the year (as on 31 st March, 2016)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	9400	9400	0.04%	-	9400	9400	0.04%	-
b) Others - FFI (IFC)	4221620	-	4221620	18.10%	4143109	-	4143109	17.77%	(0.33%)
Sub-total (B) (1)	4221620	9400	4231020	18.14%	4143109	9400	4152509	17.81%	(0.33%)
(2) Non-Institutions									
a) Bodies Corp - Indian	745139	15100	760239	3.26%	890544	14900	905444	3.88%	0.62%
b) Individual shareholders									
i) Holding nominal share capital upto ₹ 1 lakh	3396436	1794777	5191213	22.26%	3482087	1770677	5252764	22.52%	0.26%
ii) Holding nominal share capital in excess of ₹ 1 lakh	1902449	12600	1915049	8.21%	1772289	12600	1784889	7.65%	(0.56%)
c) Others - NRIs	482161	85400	567561	2.43%	484076	85400	569476	2.44%	0.01%
Sub-total (B) (2)	6526185	1907877	8434062	36.17%	6628996	1883577	8512573	36.50%	0.33%
Total Public Shareholding (B) = (B) (1) + (B) (2)	10747805	1917277	12665082	54.31%	10772105	1892977	12665082	54.31%	-
Grand Total (A + B)	18021584	5298277	23319861	100.00%	18045884	5273977	23319861	100.00%	-

(ii) Shareholding of Promoters

Name of the Shareholder	Shareholding at the beginning of the year (as on 31 st March, 2015)			Shareholding at the end of the year (as on 31 st March, 2016)			% change in share holding during the year
	No. of shares	% of total shares of the company	% of shares pledged to total shares	No. of shares	% of total shares of the company	% of shares pledged to total shares	
1. Alka Goyal	2828972	12.13%	-	2828972	12.13%	-	-
2. Krishan Kumar Goyal	2295943	9.85%	-	2295943	9.85%	-	-
3. Krishan Kumar Goyal (HUF)	1280000	5.49%	-	1280000	5.49%	-	-
4. Aditya Goyal	878772	3.77%	-	878772	3.77%	-	-
5. Chandigarh Finance Pvt. Ltd.	772292	3.31%	-	772292	3.31%	-	-
6. Shree Ganesh Invest. & Inds. Ltd.	720000	3.09%	-	720000	3.09%	-	-
7. Times Finvest and Commerce Ltd	670000	2.87%	-	670000	2.87%	-	-
8. Nabha Commerce Pvt. Ltd.	528600	2.27%	-	528600	2.27%	-	-
9. Amarjit Goyal	500200	2.14%	-	500200	2.14%	-	-
10. Amarjit Goyal (HUF)	150000	0.64%	-	150000	0.64%	-	-
11. Bharat Forgings Pvt. Ltd	30000	0.13%	-	30000	0.13%	-	-
Total	10654779	45.69%	-	10654779	45.69%	-	-

(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		Purchases during the year	Sales during the year	Cumulative shareholding at the end of the year	
	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. International Finance Corporation	4221620	18.10%	-	(78511)	4143109	17.77%
2. Suresh Poonati	374237	1.60%	452228	(449025)	377440	1.62%
3. Vijay Laxmi	200000	0.86%	-	(200000)	-	-
4. Ajay Goyal	132371	0.57%	-	-	132371	0.57%
5. Vijay Garg	125089	0.54%	-	-	125089	0.54%
6. Usha Singal	122287	0.52%	-	-	122287	0.52%
7. Arcadia Share & Stock Broker P Ltd	104910	0.45%	9410	(1358)	112962	0.48%
8. Sanjay Goyal	78644	0.34%	-	-	78644	0.34%
9. Veenu Garg	75565	0.32%	-	-	75565	0.32%
10. Dolly Khanna	55607	0.24%	-	(55607)	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Mr. Krishan Kumar Goyal (Chairman & Managing Director) and Mr. Ashwani Kumar Aggarwal (Executive Director) hold 2295943 and 400 shares respectively at the beginning and at the end of the year. Mr. Mukesh Sehgal, GM (Corporate Finance) and CFO and Ms. Anubha Garg, 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				
i) Principal Amount	55,10.84	56,22.86	-	1,11,33.70
ii) Interest due but not paid	1,34.67	-	-	1,34.67
iii) Interest accrued but not due	98.81	-	-	98.81
Total (i+ii+iii)	57,44.32	56,22.86	-	1,13,67.18
Change in Indebtedness during the financial year				
- Addition	-	32.16	-	32.16
- Reduction	6,36.92	-	-	6,36.92
Net Change	(6,36.92)	32.16	-	(6,04.76)
Indebtedness at the end of the financial year				
i) Principal Amount	47,21.13	56,55.02	-	1,03,76.15
ii) Interest due but not paid	3,56.93	-	-	3,56.93
iii) Interest accrued but not due	29.34	-	-	29.34
Total (i+ii+iii)	51,07.40	56,55.02	-	1,07,62.42

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For & on behalf of the Board

Place: Chandigarh
Dated: 31st August, 2016

Krishan Kumar Goyal
Chairman & Mg. 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 Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2016

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

	Current year 2015-16	Previous Year 2014-15
POWER		
a) Electricity Power		
Purchase Units (Kwh)	1,38,97,380	1,82,75,880
Total Amount ₹	10,63,25,115	13,94,98,662
Rate per Unit ₹	7.65	7.63
b) Other Generation Through Diesel Generator		
Unit (Kwh)	2,50,260	1,25,490
Total Amount ₹	36,04,159	23,58,747
Unit per litre of Diesel Oil	3.29	3.08
Cost / Unit ₹	14.40	18.80
FUEL		
Quantity (MT)	18,608	27,316
Total Amount ₹	6,81,53,818	10,19,55,969
Rate / Unit ₹ per MT	3,662.61	3,732.46

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)	119.66	96.71
Fuel Quantity (Kgs.)	155.17	129.46

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.

For & on behalf of the Board

Place : Chandigarh
Dated : 31st August, 2016

Krishan Kumar Goyal
Chairman & Mg. Director
DIN: 00482035

CORPORATE GOVERNANCE REPORT

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

1. COMPANY’S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

A. Composition and category of the Board of Directors

A list of Directors including the Chairman of the Board and their status as Executive/Non-Executive and Independent/Non-Independent for the year ended on 31st March, 2016 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 interse
					Chairman	Member	
Mr. Krishan Kumar Goyal	Chairman & Mg. Director Non Independent (Promoter) Director	4	Yes	3	-	-	NA
Dr. Bhupendra Nath Mathur	Non Executive Independent Director	4	No	-	-	2	NA
Prof. Satish Kapoor	Non Executive Independent Director	4	Yes	-	2	-	NA
Dr. A.K. Vashisht	Non Executive Independent Director	4	Yes	-	-	1	NA
Dr. Renu Vig *	Non Executive Independent Director	2	NA	-	-	-	NA
Mr. Satish Kumar Dua	Non Executive (Nominee) Director	1	No	4	-	-	NA
Mr. Mohan Lal Sharma	Non Executive (Nominee) Director	4	Yes	1	-	-	NA
Mr. A.K. Aggarwal	Non Independent Executive Director	4	Yes	-	-	2	NA

* Dr. Renu Vig was appointed as an Additional Director (Non-Executive Independent Director) on the Board of Directors of the Company w.e.f. 1st July, 2015 who was regularized in the last Annual General Meeting of the Company held on 28th September, 2015.

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, 2016, four 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
29 th May, 2015	7	6
8 th August, 2015	8	6
7 th November, 2015	8	7
9 th February, 2016	8	8

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

3. AUDIT COMMITTEE

a. Terms of reference of Audit Committee

- i. The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- iii. Examination of the financial statement and the auditors' report thereon.
- iv. Approval or any subsequent modification of transactions of the Company with related parties.
- v. Scrutiny of inter-corporate loans and investments.
- vi. Valuation of undertakings or assets of the Company, wherever it is necessary.
- vii. Evaluation of internal financial controls and risk management systems.
- viii. Monitoring the end use of funds raised through public offers and related matters.
- ix. To oversee the vigil mechanism as per section 177 of the Companies Act, 2013.
- x. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.
- xi. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
- xii. The auditors of a Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.

b. Composition of Audit Committee

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

c. Meetings and attendance of Audit Committee

The Committee met four times during the year on 29th May 2015, 8th August 2015, 7th November 2015 and 9th February, 2016. The status of attendance of members at the Audit Committee during the year 2015-16 was as under:

Name of Director	No. of Meetings held	No. of Meetings attended
Prof. Satish Kapoor	4	4
Dr. Bhupendra Nath Mathur	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.

- i. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- ii. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- iii. The Nomination and Remuneration Committee shall, while formulating the policy ensure that—
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
 - remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.'
- iv. Formulation of criteria for evaluation of Independent Directors and the Board.
- v. Devising a policy on Board diversity.

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	Category of the Director	Member/Chairman
Dr. Bhupendra Nath Mathur	Non Executive Independent Director	Chairman
Prof. Satish Kapoor	Non Executive Independent Director	Member
Dr. A.K. Vashisht	Non Executive Independent Director	Member

- c. During the year, no meeting of the Committee was held.
- d. Performance evaluation criteria: 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, 2016, the Board consists of eight members out of which two are Executive/Whole Time Directors, four Independent Directors, one Bank Nominee Director and one BIFR Nominee Director. The Board of Directors does the performance evaluation of Directors at the time of fixing the remuneration of Executive Directors and sitting fee of Independent Director.

5. REMUNERATION OF DIRECTORS

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

a. Details of Remuneration paid to the Directors during the Financial year ended 31st March, 2016

Amount in ₹

Name of the Director	Salary	Perquisites	Benefits	Stock Option	Sitting Fee	Total
Mr. Krishan Kumar Goyal	30,00,000	-	-	-	-	30,00,000
Dr. Bhupendra Nath Mathur	-	-	-	-	1,50,000	1,50,000
Prof. Satish Kapoor	-	-	-	-	1,60,000	1,60,000
Dr. A.K. Vashisht	-	-	-	-	1,10,000	1,10,000
Dr. Renu Vig	-	-	-	-	40,000	40,000
Mr. Satish Kumar Dua	-	-	-	-	20,000	20,000
Mr. Mohan Lal Sharma	-	-	-	-	70,000	70,000
Mr. A.K. Aggarwal	25,20,000	1,71,540	-	-	-	26,91,540

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

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

- b. Ms. Anubha Garg, Company Secretary is the Compliance Officer of the Company.
c. During the financial year ended 31st March, 2016, four meetings of the Stakeholders Relationship Committee were held on 29th May, 2015, 8th August, 2015, 7th November, 2015 and 9th February, 2016.
d. During the year 2015-2016, the Company has received six shareholder complaints and all the complaints were resolved to the satisfaction of the shareholders and no complaint is pending.

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 & FINANCE COMMITTEE

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

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

One meeting of the Committee was held on 7th November, 2015 during the year.

9. ALLOTMENT COMMITTEE

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

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

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

10. GENERAL BODY MEETINGS
Details of last three Annual General Meetings (AGMs)

Financial Year	Location	Date	Time
2012-13	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	18 th September, 2013	11.00 A.M.
2013-14	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	24 th September, 2014	11.00 A.M.
2014-15	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	28 th September, 2015	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 22nd AGM dated 24th September, 2014, the following Special Resolutions were passed :
- Appointment of Mr. Krishan Kumar Goyal as Chairman & Managing Director of the Company.
 - Appointment of Mr. Ashwani Kumar Aggarwal as Executive Director of the Company.
 - Approval under Section 180(1)(c) of the Companies Act, 2013 regarding borrowing powers to the Board of Directors.
 - Approval under Section 180(1)(a) of the Companies Act, 2013 for mortgaging and/or charging, the whole or substantially the whole of the Company's undertakings in favour of the Lenders, Financial Institutions, Banks, Agents and/or Trustees etc.
 - Approval under section 186 regarding powers to the Board of Directors to invest.
- (ii) In the 23rd AGM dated 28th September, 2015, the following Special Resolutions were passed :
- Approval of the Material Related Party transactions with Modern Dairyfarms Limited.

The Company passed no resolution through postal ballot during the year.

11. MEANS OF COMMUNICATION

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

Website: www.moderndairies.com

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

BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

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

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

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

GENERAL SHAREHOLDER INFORMATION

1. Company Registration Details:

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

2. Annual General Meeting:

Day, Date & Time : Friday, the 30th September, 2016 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, 2016	13 th August, 2016
30 th September, 2016	November, 2016 (2 nd week)
31 st December, 2016	February, 2017 (2 nd Week)
31 st March, 2016	May, 2017
Annual General Meeting	By September, 2017

4. Book Closure Date:

From 24th September, 2016 to 30th September, 2016 (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 ₹	Low ₹	Close ₹	Volume	High	Low	Close
2015							
April	18.00	11.54	15.51	606237	29094.61	26897.54	27011.31
May	16.30	11.90	12.05	234448	28071.16	26423.99	27828.44
June	13.25	10.10	11.95	241902	27968.75	26307.07	27780.83
July	14.60	11.00	14.20	551604	28578.33	27416.39	28114.56
August	20.00	12.58	13.58	937437	28417.59	25298.42	26283.09
September	13.85	12.00	13.04	94664	26471.82	24833.54	26154.83
October	17.50	12.66	14.87	328887	27618.14	26168.71	26656.83
November	16.85	13.51	14.85	264484	26824.30	25451.42	26145.67
December	18.20	13.80	16.96	648363	26256.42	24867.73	26117.54
2016							
January	17.75	12.90	14.80	287414	26197.27	23839.76	24870.69
February	15.00	10.61	12.16	155990	25002.32	22494.61	23002.00
March	13.40	9.90	10.01	318641	25479.62	23133.18	25341.86

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:

77.38% of the equity shares of the Company are in the electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with M/s. MCS Share Transfer Agent Limited or with Company at their mentioned addresses.

10. Distribution of Shareholdings as on 31st March, 2016:

SHAREHOLDING		SHAREHOLDERS		NO. OF SHARES	
From	To	Number	% of total	Number	% of total
Upto	5000	12976	96.81%	4155274	17.82%
5001	10000	144	1.07%	368424	1.58%
10001	20000	51	0.38%	182222	0.78%
20001	30000	64	0.48%	303957	1.30%
30001	40000	73	0.54%	554160	2.38%
40001	50000	64	0.48%	1363439	5.85%
50001	100000	5	0.04%	379846	1.63%
100001	And above	27	0.20%	16012539	68.66%
TOTAL		13404	100.00%	23319861	100.00%

Shareholding Pattern of the Company as on 31st March, 2016:

Category	No. of shares held	%age of shareholding
1.Promoters & Promoter Group	10654779	45.69%
2. Mutual Funds & Banks	9400	0.04%
3. Foreign Financial Institution	4143109	17.77%
4. Bodies Corporate (not included above)	905444	3.88%
5. Indian Public	7037653	30.18%
6. NRIs/OCBs	569476	2.44%
TOTAL	23319861	100.00%

11. Dematerialisation of Shares:

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

Share Dematerialisation record: The following data indicates the extent of Dematerialization of Company's shares as on 31st March, 2016

No. of Shares : 18045884	77.38 % of the total equity.
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12. Plant Location of the Company:

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

13. Correspondence Address:

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

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

14. Other Disclosures:

a) Disclosure on materially significant related party transactions:

All material transactions with related parties as defined under the Act and Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business. They have been approved by the Audit Committee, Board of Directors and Shareholders as applicable.

b) Details of non compliance by listed Company, penalties: Nil

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 Obligation 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.

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

The Shareholders,

I, A.K. Aggarwal, Executive 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.

Place : Chandigarh
Date : 30th May, 2016

Sd/-
A. K. Aggarwal
Executive Director

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members
Modern Dairies Limited

We have examined the compliance of Corporate Governance by Modern Dairies Limited for the year ended 31st March, 2016, as stipulated in the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchange. The compliance of conditions of the Corporate Governance is the responsibility of the Management. Our examination has been limited to the review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that no investor complaint is pending for a period exceeding one month as on 31st March, 2016 against the Company, as per records maintained by the Stakeholder Relationship Committee of the Company.

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

For Sharma Sarin & Associates
Company Secretaries

Place : Chandigarh
Date : 31st August, 2016

P.D. SHARMA
Partner
C.P. No. 2692

INDEPENDENT AUDITOR'S REPORT

To

The Members of Modern Dairies Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Modern Dairies Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note XXIX to the accompanying financial statements, which indicates that the Company has incurred a net loss of ₹24,23.55 lac during the year ended 31st March, 2016 and, as of that date, the Company's accumulated losses amounted to ₹1,14,25.25 lac which have resulted in complete erosion of the net worth of the Company. Further, as of that date its current liabilities exceeded its current assets by ₹53,85.50 lac. These conditions, along with other matters as set forth in Note XXIX, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure 1, 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 purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. the matter described in paragraph 9 under the Emphasis of Matters paragraph, in our opinion, may have an adverse effect on the functioning of the Company;
 - f. on the basis of the written representations received from the Directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a Director in terms of Section 164(2) of the Act;
 - g. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 30th May, 2016 as per annexure 2 expresses unmodified opinion; and
 - h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. as detailed in Note XXVIII(a) and XXVIII(b) to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
Partner
Membership No.: 095256

Place: Chandigarh
Date: 30th May, 2016

Annexure 1 to the Independent Auditor's Report of even date to the members of Modern Dairies Limited, on the financial statements for the year ended 31 March 2016

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we 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) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (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, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. 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 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 lac	Amount paid under Protest (₹) in lac	Period to which the amount relates	Forum where dispute is pending
The Haryana Murrah Buffalo and Other Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001	Milk Cess	16,23.13	5,91.00	2001-02 to 2015-16	Hon'ble Supreme Court of India
The Haryana Murrah Buffalo and Other Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001	Interest on milk cess	17,59.44	-	2001-02 to 2015-16	Hon'ble Supreme Court of India
Central Excise Act, 1944	CENVAT credit, interest	82.40	82.40	2005-06	Custom Excise and Service Tax Appellate Tribunal.
Central Excise Act, 1944	CENVAT credit, interest	1,78.85	15.00	2007-08 to 2009-10	Custom Excise and Service Tax Appellate Tribunal.
Customs Act, 1962	Penalty and redemption fine	10.60	10.60	2011-12	Custom Excise and Service Tax Appellate Tribunal
Haryana Tax on Entry of Goods into Local Areas Act, 2003	Entry Tax	1,32.84	-	2007-08 to 2014-15	Hon'ble Supreme Court of India
Income-tax Act, 1961	Income Tax	6.46	6.05	Assessment Year 2006-07 and 2008-09	Income-tax Appellant Tribunal.

(viii) There are no loans or borrowings payable to financial institutions or government and no dues payable to debenture-holders. The Company has defaulted in repayment of loans/borrowings (as per Corporate Debt Restructuring package) to the following banks:

Amount (₹) in lac

Name of the bank	Nature of Loan	Amount of default	Period of default
Punjab National Bank	Term loan	48.63	31-60 days
		72.11	61-90 days
		1,40.50	Above 90 days
Punjab National Bank	Term loan	63.49	31-60 days
		1,13.49	61-90 days
		2,28.99	Above 90 days
Punjab National Bank	Corporate loan	1.49	0-30 days
		53.41	31-60 days
		20.77	61-90 days
		48.10	Above 90 days
Punjab National Bank	Corporate loan	98.51	31-60 days
		9.40	61-90 days
		1,07.90	Above 90 days
State Bank of India	Term loan	1.21	0-30 days
		35.79	31-60 days
		38.31	61-90 days
		53.00	Above 90 days
State Bank of India	Term loan	1,03.87	61-90 days
		1,03.87	Above 90 days
State Bank of India	Corporate loan	8.06	0-30 days
		20.47	31-60 days
		14.72	61-90 days
		27.84	Above 90 days
State Bank of India	Corporate loan	62.87	61-90 days
		62.87	Above 90 days
Canara Bank	Term loan	4.06	31-60 days
		77.20	61-90 days
		1,10.96	Above 90 days
Canara Bank	Term loan	6.54	0-30 days
		1,32.22	61-90 days
		1,45.00	Above 90 days
Canara Bank	Corporate loan	0.03	31-60 days
		5.64	61-90 days
		5.24	Above 90 days
Canara Bank	Corporate loan	9.26	61-90 days
		9.30	Above 90 days

Further, the Company has overdrawn the working capital facility during the year. The details of such default during the year are as under:

Amount (₹) in lac

Name of the bank	Amount of default	Period of default
Punjab National Bank	1.23 to 164.56	1-58 days
State Bank of India	20.25 to 98.92	1-121 days
Canara Bank	0.10 to 12.14	1-90 days

- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) 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) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals as required under Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (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 accounting standards.
- (xiv) During the year, 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 **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**

Place : Chandigarh
Date : 30th May, 2016

Partner
Membership No.: 095256

Annexure 2

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, 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 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 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, 2016, 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 **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Chandigarh
Date: 30th May, 2016

Per **Lalit Kumar**
Partner
Membership No.:095256

BALANCE SHEET AS AT MARCH 31, 2016

Notes	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
I EQUITY AND LIABILITIES		
1 Shareholders' funds		
a) Share capital	III 23,35.89	23,35.89
b) Reserves and surplus	IV (81,28.09)	(57,04.54)
	(57,92.20)	(33,68.65)
2 Non-current liabilities		
a) Long-term borrowings	V 84,80.37	97,12.07
b) Deferred tax liabilities (net)	VI -	12.83
c) Long-term provisions	VII 68.73	67.31
	85,49.10	97,92.21
3 Current liabilities		
a) Short-term borrowings	VIII 69,59.95	68,18.34
b) Trade payables	IX	
Payable to micro and small enterprises	24.28	12.21
Other payables	28,65.11	29,56.80
c) Other current liabilities	X 32,70.33	21,80.27
d) Short-term provisions	XI 15,33.77	15,28.25
	1,46,53.44	1,34,95.87
Total	1,74,10.34	1,99,19.43
II ASSETS		
1 Non-current assets		
a) Fixed assets	XII	
Tangible assets	78,98.22	81,68.99
Intangible assets	2.15	2.22
Capital Work in Progress	22.36	19.74
b) Non-current investments	XIII 1.16	1.16
c) Long-term loans and advances	XIV 2,18.51	1,51.27
	81,42.40	83,43.38
2 Current assets		
a) Inventories	XV 45,37.87	74,39.89
b) Trade receivables	XVI 30,42.56	31,38.20
c) Cash and bank balances	XVII 6,25.11	45.93
d) Short-term loans and advances	XVIII 10,62.40	9,52.03
	92,67.94	1,15,76.05
Total	1,74,10.34	1,99,19.43

Notes I to XXXVIII form an integral part of these financial statements.

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

For **Walker Chandiook & Co LLP**
Chartered Accountants

per **Lalit Kumar**
Partner

A K Aggarwal
Director
(DIN: 00486430)

Mukesh Sehgal
GM (Corporate Finance) & CFO

Place : Chandigarh
Date : 30th May, 2016

For & on behalf of the Board of Directors

Satish Kapoor
Director
(DIN: 00009122)

Anubha Garg
Company Secretary

Place : Chandigarh
Date : 30th May, 2016

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes	For the year ended March 31, 2016 Amount in ₹ Lacs	For the year ended March 31, 2015 Amount in ₹ Lacs
REVENUE			
Revenue from operations (gross)	XIX	4,98,72.25	6,29,29.07
Less : Excise duty		1,83.05	3,94.43
Revenue from operations (net)		4,96,89.20	6,25,34.64
Other income	XX	25.60	1,38.68
Total		4,97,14.80	6,26,73.32
EXPENSES			
Cost of materials consumed	XXI	4,30,96.26	5,76,40.59
Changes in inventories of finished goods and work-in-progress	XXII	29,66.87	4,93.53
Employee benefit expenses	XXIII	6,99.34	6,80.05
Finance costs	XXIV	17,73.05	17,26.01
Depreciation and amortisation expense	XXV	4,89.92	4,80.80
Other expenses	XXVI	31,27.57	40,67.48
Prior period expenses	XXVII	(1.83)	(18.95)
Total		5,21,51.18	6,50,69.51
Loss before tax		(24,36.38)	(23,96.19)
Tax expense			
Deferred tax credit		-	(1,70.73)
Deferred tax credit - earlier year		(12.83)	-
Loss for the year		(24,23.55)	(22,25.46)
Basic and diluted loss per share (In ₹) (Nominal value of equity share ₹ 10 each)	XXXIII	(10.39)	(9.54)
Notes I to XXXVIII form an integral part of these financial statements.			

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

per **Lalit Kumar**
Partner

A K Aggarwal
Director
(DIN: 00486430)

Mukesh Sehgal
GM (Corporate Finance) & CFO

Place : Chandigarh
Date : 30th May, 2016

For & on behalf of the Board of Directors

Satish Kapoor
Director
(DIN: 00009122)

Anubha Garg
Company Secretary

Place : Chandigarh
Date : 30th May, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016 Amount in ₹ Lacs	Year ended March 31, 2015 Amount in ₹ Lacs
A Cash flow from Operating Activities :-		
Loss before tax and after prior period items	(24,36.38)	(23,96.19)
Adjustments for:		
Depreciation and amortisation	4,85.66	4,80.80
Bad debts	2.98	-
Balances written off	0.12	0.38
Liabilities written back	(3.01)	(25.76)
Interest expense	17,73.05	17,26.01
Interest income	(9.83)	(8.83)
Unrealised exchange rate fluctuation	0.70	-
Operating loss before working capital changes	(1,86.71)	(2,23.59)
Adjustments for movement in:		
(Increase) in long-term loans and advances	(74.88)	(15.41)
Decrease in inventories	29,02.02	4,48.56
Decrease/(Increase) in trade receivables	91.96	(10,01.28)
(Increase)/Decrease in short term loans and advances	(1,16.58)	10,06.64
Increase in long-term provisions	1.42	9.00
(Decrease)/Increase in trade payables	(76.61)	11,27.36
Increase in other current liabilities	4,61.27	2,45.33
Increase in short-term provisions	5.52	1,10.59
Net cash generated from operations	30,07.40	17,07.21
Less: Taxes (refunded)/paid	(7.64)	8.23
Net cash generated from operating activities	30,15.04	16,98.98
B Cash flow from investing activities :		
Purchase of fixed assets (including capital work in progress and movement in creditors for capital goods)	(2,15.83)	(2,43.30)
Sale of non-current investments	-	0.13
Proceeds from sale of fixed assets	0.23	-
Interest received	15.94	12.50
Net cash used in investing activities	(1,99.66)	(2,30.67)
C Cash flow from financing activities		
Repayment of Long-term borrowings	(7,57.55)	(4,24.40)
Proceeds from short term borrowings	1,41.61	4,39.54
Interest Paid	(16,20.26)	(15,91.65)
Net Cash used in financing activities	(22,36.20)	(15,76.53)
Net increase/(decrease) in cash and cash equivalents	5,79.18	(1,08.22)
Cash and cash equivalents at the beginning of the year	45.93	1,54.14
Cash and cash equivalents at the end of the year	6,25.11	45.93
Components of cash and cash equivalents:-		
Cash on hand	14.27	14.35
Cheques on hand	5,41.52	-
Balances with Banks		
In current accounts	69.32	31.58
Cash & cash equivalents in cash flow statement:	6,25.11	45.93

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 I to XXXVIII form an integral part of these financial statements.

This is the Cash Flow Statement referred to in our report of even date.

For & on behalf of the Board of Directors

For **Walker Chandiook & Co LLP**
Chartered Accountants

A K Aggarwal
Director
(DIN: 00486430)

Satish Kapoor
Director
(DIN: 00009122)

per **Lalit Kumar**
Partner

Mukesh Sehgal
GM (Corporate Finance) & CFO

Anubha Garg
Company Secretary

Place : Chandigarh
Date : 30th May, 2016

Place : Chandigarh
Date : 30th May, 2016

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

NOTE: I**BACKGROUND AND NATURE OF OPERATIONS**

Modern Dairies Limited ('the Company') was incorporated in 1992 and is primarily engaged in business of manufacturing/processing of milk and milk products like milk powders, Cheese, Butter, Pure ghee and other milk based products like Casein, Whey protein concentrate and Lactose, etc.

NOTE: II**SIGNIFICANT ACCOUNTING POLICIES****(i) Basis of preparation**

These financial statements have been prepared under the historical cost convention on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). Indian GAAP comprises mandatory accounting standards as specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other accounting pronouncements of The Institute of Chartered Accountants of India.

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 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.

(ii) Use of estimates

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revisions to accounting estimates are recognised in the current and future periods.

(iii) Fixed assets*Tangible assets*

Fixed assets are stated at historic cost less accumulated depreciation and amortization and impairment losses (if any). Cost comprises the purchase price and any attributable costs of bringing the assets to their working condition for their intended use.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized.

Intangible assets

Software which is not an integral part of the related hardware is classified as an intangible asset.

(iv) Depreciation and amortization

Pursuant to the notification in Part II of Schedule II to the Companies Act, 2013, effective from 1 April 2014, the management has reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the Companies Act, 2013. Depreciation on fixed assets for year ended 31st March, 2016 and 31st March, 2015 are provided on straight line method based on life prescribed as per Schedule II of the Companies Act, 2013.

Revised useful lives of assets are as below:

Block of asset	Revised useful life as per the management (in years)
Buildings	30
Plant and equipment	10-25
Furniture and fixture	10
Office equipment	5
Vehicles	5-10

Computer software are amortised over the period of 5 years on a straight line method.

(v) Investments

Long-term investments are stated at cost. Provision is made if there is a diminution, other than temporary, in the value of investments. Current investments are stated at lower of cost and market value.

(vi) Inventories

Inventories are valued as follows:

a) Raw materials, packing materials, store and spare parts

Lower of cost and net realizable value, Cost includes purchase price, taxes (those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost is determined on first –in first-out basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

b) Work-in Progress and Finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on monthly weighted average basis.

c) By-Products

At net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

(vii) Revenue recognition

Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer. It includes excise duty wherever applicable but excludes value added tax/sales tax and is net of sales returns. Excise duty shown as deduction from revenue is the amount that is included in the amount of revenue and not the entire amount of liability that arose during the year.

Interest income

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

Dividends

Dividend is recognised if the right to dividend is established by the balance sheet date.

Export benefit/incentives

Export benefits entitlements under the 'Duty Entitlement Pass Book' Scheme are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made.

(viii) Foreign currency transactions

Transactions in foreign currency are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at exchange rates prevailing at the reporting date. Exchange gains or losses arising out of fluctuation in exchange rates on settlement during the period /year or on translation at the Balance Sheet date are recognised in the statement of profit and loss.

Differences arising on foreign currency translations of transactions settled during the year are recognised in the statement of profit and loss.

Forward exchange contracts not covered under Accounting Standard 11 'Effect of change in Foreign Exchange Rates', that are entered to hedge the foreign currency risk of highly probable forecast transactions and unrecognized firm commitments are marked to market at the balance sheet date and exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

The premium or discount arising at the inception of the forward contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

(ix) Employee benefits

The Company's obligation towards various employee benefits has been recognised as follows:

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and short-term compensated absences and bonus etc. are recognised in the Statement of profit and loss in the period in which the employee renders the related service.

Contribution to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Fund.

Gratuity

Gratuity liability are defined benefit obligations made at the end of each financial year and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

Compensated absences

The employees of the Company are entitled to compensated absences which are non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absence is occurring.

(x) Current and deferred taxes

Income-tax expense comprises current tax (i.e. the amount of tax for the period/ year determined in accordance with the Income-tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the year/ period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(xi) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company does not recognise assets which are of contingent nature until there is virtual certainty of the realisation of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the financial statements of the year in which the change occurs.

(xii) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and at attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(xiii) Impairment of assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. For assets that are not ready for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised in Statement of profit and loss whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is recorded only to the extent that the carrying amount of the assets does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(xiv) Leases

Where the Company is lessee, lease payments under operating leases are recognised as an expense in the Statement of profit and loss on a straight line basis over the lease term.

Where the Company is lessor, assets given under operating lease are shown in the Balance Sheet under fixed assets and depreciated on a basis consistent with the depreciation policy of the Company. The lease income is recognised in the Statement of profit and loss on a straight-line basis over the lease term.

(xv) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

Government grants related to revenue are recognised on systematic basis in the statement of profit and loss over the periods necessary to match them with the related cost which they are intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

(xvi) Cash and cash equivalents

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

NOTE: III**SHARE CAPITAL**

	As at March 31, 2016		As at March 31, 2015	
	Number	Amount in ₹ Lacs	Number	Amount in ₹ Lacs
Authorised share capital				
Equity shares of ₹ 10 each	<u>30000000</u>	<u>30,00.00</u>	<u>30000000</u>	<u>30,00.00</u>
	30000000	30,00.00	30000000	30,00.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	<u>23319861</u>	<u>23,31.99</u>	<u>23319861</u>	<u>23,31.99</u>
	23319861	23,31.99	23319861	23,31.99
Forfeited shares				
Amount originally paid up	<u>76900</u>	<u>3.90</u>	<u>76900</u>	<u>3.90</u>
Total	<u>23396761</u>	<u>23,35.89</u>	<u>23396761</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) The reconciliation of the number of shares outstanding and the amount of share capital is set out below:

	Number	Amount in ₹ Lacs	Number	Amount in ₹ Lacs
Balance at the beginning of the year	23396761	23,35.89	23396761	23,35.89
Add : Issued during the year	-	-	-	-
Balance at the end of the year	<u>23396761</u>	<u>23,35.89</u>	<u>23396761</u>	<u>23,35.89</u>

(c) Shareholders holding more than 5% of the shares	Number	Amount in ₹ Lacs	% holding	Number	Amount in ₹ Lacs	% holding
Equity shares of ₹ 10 each						
International Finance Corporation	4143109	4,14.31	17.71%	4221620	4,22.16	18.04%
Alka Goyal	2828972	2,82.90	12.09%	2828972	2,82.90	12.09%
Krishan Kumar Goyal	2295943	2,29.59	9.81%	2295943	2,29.59	9.81%
Krishan Kumar Goyal (HUF)	1280000	1,28.00	5.47%	1280000	1,28.00	5.47%
	<u>10548024</u>	<u>10,54.80</u>	<u>45.07%</u>	<u>10626535</u>	<u>10,62.65</u>	<u>45.41%</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.

NOTE: IV**RESERVES AND SURPLUS****Capital reserves**

Balance at the beginning and end of the year

2,23.74

2,23.74

Securities premium Account

30,73.42

30,73.42

Balance at the beginning and end of the year

Deficit in the statement of Profit and Loss

Balance at the beginning of the year

(90,01.70)

(67,63.66)

Add : Transferred from the statement of Profit and Loss

(24,23.55)

(22,25.46)

Less : Adjustment on account of Schedule II of Companies Act, 2013 [refer note XII (c)]

-

18.16

Less: Deferred tax adjustment on above [refer note XII (c)]

-

-

5.61

12.58

(1,14,25.25)

(90,01.70)

Total

(81,28.09)

(57,04.54)

NOTE: V
LONG-TERM BORROWINGS

	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
0.001% Unsecured optionally convertible debentures (OCD)	49,65.30	49,65.30
From banks (Secured)		
– Term loans	33,70.05	39,34.91
– Corporate loans	13,51.08	15,75.93
From related parties (unsecured) (Refer note XXXI)	3,57.00	3,57.00
From others (unsecured)	3,32.72	3,00.56
	1,03,76.15	1,11,33.70
Less: Current maturities of long term borrowings (refer note X)	18,95.78	14,21.63
	84,80.37	97,12.07

(a) Details of security for term loans from banks

Term loans from banks are secured by way of equitable mortgage of fixed assets both present and future including land & building of the Company on first pari-passu basis and are also personal guarantee by the promoter (Mr. Krishan Kumar Goyal) of the Company.

(b) Details of security for corporate loans from Banks

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

(c) Terms of repayment

Pursuant to the rework proposal approved under the corporate debt restructuring (CDR) scheme by CDR Empowered Group duly sanctioned by respective banks under the consortium, following interest rates and schedules of repayment have been agreed with the Company:

i) Term loans:

Amount in ₹ Lacs

Name of Bank	Amount Outstanding As at 31 st March, 2016	Financial Year	2016-17	2017-18	2018-19
		Rate of Interest No of installments in a year	16.50% 4	16.50% 4	17% 2
Punjab National Bank					
Amount due as at 31 March 2016	2,02.99				
Amount not due as at 31 March 2016	13,06.40	Amount payable per quarter	1,01.49	1,01.49	2,47.24
State Bank of India					
Amount due as at 31 March 2016	1,03.87				
Amount not due as at 31 March 2016	6,75.91	Amount payable per quarter	51.93	51.93	1,30.23
Canara Bank					
Amount due as at 31 March 2016	1,45.00				
Amount not due as at 31 March 2016	9,35.89	Amount payable per quarter	72.50	72.50	1,77.95
Total	33,70.05				

ii) Corporate loans

Amount in ₹ Lacs

Name of Bank	Amount Outstanding As at 31 st March, 2016	Financial Year	2016-17	2017-18	2018-19
		Rate of Interest No of installments in a year	14% 4	14% 4	14% 2
Punjab National Bank					
Amount due as at 31 March 2016	1,07.90				
Amount not due as at 31 March 2016	7,01.62	Amount payable per quarter	53.95	53.95	1,35.01
State Bank of India					
Amount due as at 31 March 2016	62.87				
Amount not due as at 31 March 2016	4,08.93	Amount payable per quarter	31.44	31.44	78.71
Canara Bank					
Amount due as at 31 March 2016	9.30				
Amount not due as at 31 March 2016	60.46	Amount payable per quarter	4.65	4.65	11.63
Total	13,51.08				

iii) Period and amount of continuing default as on the balance sheet date

	As at 31 st March, 2016		As at 31 st March, 2015	
	Range of delays	Amount in ₹ Lacs	Range of delays	Amount in ₹ Lacs
Principal of term loan from Punjab National Bank	0-91 days	202.99	-	-
Principal of term loan from State Bank of India	0-91 days	103.87	-	-
Principal of term loan from Canara Bank	0-91 days	145.00	-	-
Principal of corporate loan from Punjab National Bank	0-91 days	107.90	-	-
Principal of corporate loan from State Bank of India	0-91 days	62.87	-	-
Principal of corporate loan from Canara Bank	0-91 days	9.30	-	-
Interest on term loan from Punjab National Bank	0-152 days	124.00	30-60 days	43.69
Interest on term loan from State Bank of India	0-152 days	53.00	30-60 days	22.34
Interest on term loan from Canara Bank	0-152 days	98.73	30-60 days	31.94
Interest on corporate loan from Punjab National Bank	0-122 days	48.10	30-60 days	21.94
Interest on corporate loan from State Bank of India	0-122 days	27.84	30-60 days	12.81
Interest on corporate loan from Canara Bank	0-183 days	5.26	30-60 days	1.95

iv) 0.001% Unsecured optionally convertible debentures (OCD):

OCDs are unsecured and carry a coupon rate of 0.001%. The said OCDs carry an option of conversion into equity during 18 months from 1 April 2013 i.e. the date of allotment of OCDs, as per then applicable SEBI guidelines. However, no such conversion was taken place during the said period. In the event of OCDs not being converted into equity, the same will be redeemable in FY 2019 in one bullet payment.

v) From related parties (unsecured):

Loans taken from related party is interest free and is due for repayment in the financial year 2018-19.

vi) From others (unsecured):

Loans taken from others have interest rate ranging from 10% to 12%. All these loans along with interest are due for repayment in the financial year 2018-19.

NOTE: VI

DEFERRED TAX LIABILITIES (NET)

Deferred tax liabilities

Timing difference on depreciation and amortisation of tangible and intangible assets

13,69.62

13,59.07

Deferred tax assets

Unabsorbed depreciation as per tax laws

(14,92.89)

(13,46.24)

Unabsorbed business loss as per tax laws

(19,10.12)

-

Provision for bonus

(9.59)

-

Provision for gratuity

(30.75)

-

Deferred tax liabilities (net) (refer note below)

-

12.83

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

NOTE: VII

LONG-TERM PROVISIONS

Provisions for gratuity [refer note VII(a) below]

As at
March 31, 2016
Amount in ₹ Lacs

68.73

68.73

As at
March 31, 2015
Amount in ₹ Lacs

67.31

67.31

a) The following table set out the status of the plan for gratuity as required under Accounting Standard (AS)-15-Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Change in present value of defined benefit obligation

Present value of defined benefit obligation at the beginning of the year*	92.57	92.77
Service cost	11.07	9.54
Interest cost	7.19	8.12
Actuarial gain	(7.00)	(4.37)
Benefits paid	(4.32)	(13.49)
Present value of defined benefit obligation at the end of the year*	99.51	92.57

*This includes short term portion of ₹ 30.78 lacs (previous year ₹ 25.26 lacs) as disclosed under note XI

Components of employee benefits expense are

Service cost	11.07	9.54
Interest cost	7.19	8.12
Recognized net actuarial gain	(7.00)	(4.37)
Net gratuity costs	11.26	13.29

Actuarial assumptions

Discount rate	7.50%	7.75%
Long-term rate of compensation increase	5.00%	5.25%
Rate of return on plan assets	N.A	N.A
Average remaining life (years)	18.56	19.47

Demographic assumptions

	Indian assured lives mortality (2006-08)	Indian assured lives mortality (2006-08)
Mortality table		
Retirement age	58	58
Withdrawal rates		
- upto 30 years	3%	3%
- from 31 to 44 years	2%	2%
- above 44 years	1%	1%

	As at 31 March, 2016	As at 31 March, 2015	As at 31 March, 2014	As at 31 March, 2013	As at 31 March, 2012
Defined benefit obligation	99.51	92.57	92.77	81.47	76.53
Experience adjustment on plan liabilities	(7.00)	(4.37)	(0.34)	2.06	1.28

Notes :

- 1) The discount rate is based on the prevailing market yield of Government gilt bonds as at the balance sheet date for the estimated terms of obligations.
- 2) The estimates of future salary increases has been considered on the basis of inflation rate and other relevant factors on long term basis.

NOTE: VIII

SHORT TERM BORROWINGS

	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
Working capital borrowings from banks (secured)	69,59.95	68,18.34
	<u>69,59.95</u>	<u>68,18.34</u>

Working capital borrowings from banks is secured by way of hypothecation of current assets of the company comprising of raw material, stock in process, finished goods, stores & 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 & building of the Company on pari-passu basis with other banks and is also personal guarantee by the promoter (Mr. Krishan Kumar Goyal) of the Company.

Period and amount of continuing default as on the balance sheet date

	Range of delays	Amount	Range of delays	Amount
Working capital borrowings from banks	0-121 days	219.95	-	-

NOTE: IX

TRADE PAYABLES

	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
Dues to micro and small enterprises [refer note (a) below]	24.28	12.21
Dues to others*	28,65.11	29,56.80
	<u>28,89.39</u>	<u>29,69.01</u>

*Includes ₹ 82.46 lacs (previous year ₹ 7,41.44 lacs) due to Modern Dairyfarms Limited [refer note XXXI].

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

	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
Principal amount remaining unpaid	18.99	10.15
Interest due thereon	3.23	0.81
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	5.29	2.06
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.	-	-

NOTE: X**OTHER CURRENT LIABILITIES**

	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
Current maturities of long term borrowings	18,95.78	14,21.63
Interest accrued but not due on borrowings	29.34	98.81
Interest accrued and due on borrowings	3,56.93	1,34.67
Statutory dues	57.99	72.23
Employee related payables	1,11.27	92.09
Other payables		
Book overdraft	6,87.38	2,02.99
Advance from customers	29.03	16.79
Security deposits	83.90	1,24.20
Creditors for capital goods	18.71	16.86
	<u>32,70.33</u>	<u>21,80.27</u>

NOTE: XI**SHORT-TERM PROVISIONS**

	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
Provision for gratuity [Also, refer note VII (a)]	30.78	25.26
Provision for milk cess [Also, refer note XI(a)]	15,02.99	15,02.99
	<u>15,33.77</u>	<u>15,28.25</u>

NOTE: XI (A)**RECONCILIATION OF PROVISION FOR MILK CESS**

	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
Provision at the beginning of the year	15,02.99	13,83.20
Add: Provided during the year	-	1,19.79
Less: Utilised during the year	-	-
Provision at the end of the year	<u>15,02.99</u>	<u>15,02.99</u>

**NOTE: XII
FIXED ASSETS**

For the year ended 31st March, 2016

Amount in ₹ Lacs

Particulars	Gross block			Accumulated depreciation and amortisation					Net block		
	As on 1 st April, 2015	Additions during the year	Sales/ Adj. during the year	As on 31 st March, 2016	As on 1 st April, 2015	For the year (refer note b below)	Adj.to.op. reserves	Sales/ Adj. during the year	As on 31 st March, 2016	As on 31 st March, 2016	As on 31 st March, 2015
Tangible assets											
Freehold land	1,89.93	-	-	1,89.93	-	-	-	-	-	1,89.93	1,89.93
Buildings	18,99.31	22.00	-	19,21.31	5,99.83	68.86	-	-	6,68.69	12,52.62	12,99.48
Plant and equipment (refer note a below)	1,24,19.57	1,85.87	-	1,26,05.44	58,02.74	4,07.66	-	-	62,10.40	63,95.04	66,16.84
Furniture and fixture	41.02	0.82	-	41.84	29.44	3.10	-	-	32.54	9.30	11.58
Office equipments	58.70	2.38	0.25	60.83	51.36	(0.49)	-	0.02	50.85	9.98	7.34
Vehicles	95.03	3.54	-	98.57	51.21	6.01	-	-	57.22	41.35	43.82
Total	1,47,03.56	2,14.62	0.25	1,49,17.93	65,34.58	4,85.14	-	0.02	70,19.70	78,98.22	81,68.99
Intangible assets											
Computer software	36.61	0.45	-	37.06	34.39	0.52	-	-	34.91	2.15	2.22
Total	36.61	0.45	-	37.06	34.39	0.52	-	-	34.91	2.15	2.22
Grand Total	1,47,40.17	2,15.06	0.25	1,49,54.98	65,68.97	4,85.66	-	0.02	70,54.60	79,00.37	81,71.21

a. The Plant and equipment includes asset held for disposal of ₹ 5 lacs on which no depreciation has been charged.

b. Depreciation for the year includes depreciation reversal of ₹ 4.26 lacs which relates to prior year(s). [Also refer note XXVII(b)]

For the year ended 31st March, 2015

Amount in ₹ Lacs

Particulars	Gross block			Accumulated depreciation and amortisation					Net block		
	As on 1 st April, 2014	Additions during the year	Sales/ Adj. during the year	As on 31 st March, 2015	As on 1 st April, 2014	For the year	Adjustment to opening reserves (refer note c below)	Sales/Adj. during the year	As on 31 st March, 2015	As on 31 st March, 2015	As on 31 st March, 2014
Tangible assets											
Freehold land	1,89.93	-	-	1,89.93	-	-	-	-	-	1,89.93	1,89.93
Buildings	18,70.26	29.05	-	18,99.31	5,37.04	62.79	-	-	5,99.83	12,99.48	13,33.22
Plant & equipment (refer note d below)	1,22,18.06	2,01.51	-	1,24,19.57	54,02.33	3,97.34	3.07	-	58,02.74	66,16.84	68,15.73
Furniture and fixture	40.32	0.70	-	41.02	26.00	3.07	0.37	-	29.44	11.58	14.32
Office equipments	56.04	2.66	-	58.70	27.92	8.72	14.72	-	51.36	7.34	28.12
Vehicles	95.03	-	-	95.03	43.84	7.37	-	-	51.21	43.82	51.19
Total	1,44,69.64	2,33.92	-	1,47,03.56	60,37.13	4,79.29	18.16	-	65,34.58	81,68.99	84,32.53
Intangible assets											
Computer software	34.21	2.40	-	36.61	32.88	1.51	-	-	34.39	2.22	1.33
Total	34.21	2.40	-	36.61	32.88	1.51	-	-	34.39	2.22	1.33
Grand Total	1,45,03.85	2,36.32	-	1,47,40.17	60,70.01	4,80.80	18.16	-	65,68.97	81,71.21	84,33.86

c. Pursuant to the enactment of Schedule II to the Companies Act, 2013 with effect from 1st April, 2014, the management has reassessed and revised wherever necessary the useful lives of the assets to compute depreciation to conform with its requirements. Had the Company continued with the previously assessed useful lives, charge for depreciation for year ended 31st March, 2015 would have been higher by ₹ 1,96.63 lacs and the loss before tax would have been higher by such amount. Further, as provided under Schedule II, the carrying amount of the assets (having Gross block of ₹ 1,21.17 lacs and accumulated depreciation of ₹ 96.95 lacs as included in 'Adjustment to opening reserve' column above) whose reassessed remaining useful life is Nil as at 1st April, 2014 (after retaining the net realizable value of ₹ 6.06 lacs and net of deferred tax of ₹ 5.61 lacs) has been adjusted from the retained earnings.

d. The Plant and equipment includes asset held for disposal of ₹ 5 lacs on which no depreciation has been charged.

NOTE: XIII	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
NON-CURRENT INVESTMENTS		
Non trade investments (at cost, unquoted)		
Investment in equity shares (unquoted)	0.76	0.76
Aricent Technologies (Holdings) Limited (1069 equity shares (Previous year 1069) of ₹ 10 each fully paid up)		
Government securities		
National savings certificates (pledged with sales tax authorities)	<u>0.40</u>	<u>0.40</u>
	<u>1.16</u>	<u>1.16</u>
NOTE: XIV	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
LONG-TERM LOANS AND ADVANCES		
(unsecured considered good, unless otherwise stated)		
Security deposits	2,05.12	1,25.57
Advance tax (including tax deducted at source and wealth tax)	11.35	18.99
Prepaid expenses	<u>2.04</u>	<u>6.71</u>
	<u>2,18.51</u>	<u>1,51.27</u>
NOTE: XV	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
INVENTORIES		
(valued at lower of cost and net realisable value)		
Raw materials	2,52.85	1,60.21
Work-in-progress	2,82.55	2,10.01
Finished goods	32,48.08	62,91.92
Stores and spares	5,51.11	5,61.98
Packing materials	<u>2,03.28</u>	<u>2,15.77</u>
	<u>45,37.87</u>	<u>74,39.89</u>
NOTE: XVI	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
TRADE RECEIVABLES		
(Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Considered good	2.24	4.02
Considered doubtful	<u>27.68</u>	<u>27.68</u>
	29.92	31.70
Less: Allowance for bad and doubtful debts	<u>27.68</u>	<u>27.68</u>
	2.24	4.02
Other debts - considered good	<u>30,40.32</u>	<u>31,34.18</u>
	<u>30,42.56</u>	<u>31,38.20</u>
NOTE: XVII	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
CASH AND BANK BALANCES		
Cash and cash equivalents		
- Cash on hand	14.27	14.35
- Cheques on hand	5,41.52	-
- Balances with banks		
in current account	<u>69.32</u>	<u>31.58</u>
	<u>6,25.11</u>	<u>45.93</u>

NOTE: XVIII	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
SHORT-TERM LOANS AND ADVANCES (unsecured considered good, unless otherwise stated)		
Advances to suppliers	52.99	25.37
Loans and advances to employees	0.42	0.34
Prepaid expenses	29.53	30.03
Balances with statutory and government authorities	1,83.70	1,41.39
Security deposits	1.00	-
Milk cess paid under protest	5,91.00	5,91.00
Grant recoverable	25.00	25.00
Others	1,78.76	1,38.90
	<u>10,62.40</u>	<u>9,52.03</u>
NOTE: XIX	Year ended March 31, 2016 Amount in ₹ Lacs	Year ended March 31, 2015 Amount in ₹ Lacs
REVENUE		
Revenue from operations		
Sale of products		
Export	25,12.70	41,04.57
Domestic	4,72,85.24	5,87,08.87
Other operating revenue	74.31	1,15.63
Revenue from operations (Gross)	<u>4,98,72.25</u>	<u>6,29,29.07</u>
Less : Excise duty	1,83.05	3,94.43
Revenue from operations (Net)	<u>4,96,89.20</u>	<u>6,25,34.64</u>
Details of products sold (contributing more than 10% of the total revenue)		
Manufactured goods (inclusive of excise duty)		
Milk	2,12,88.80	2,38,99.15
Ghee	1,24,90.73	1,59,69.94
Skimmed milk powder (SMP)	37,09.94	72,27.65
Others	1,23,08.47	1,57,16.70
	<u>4,97,97.94</u>	<u>6,28,13.44</u>
NOTE: XX	Year ended March 31, 2016 Amount in ₹ Lacs	Year ended March 31, 2015 Amount in ₹ Lacs
OTHER INCOME		
Interest income	9.83	8.83
Exchange fluctuation (net)	12.45	1,03.64
Liabilities written back	3.01	25.76
Miscellaneous income	0.31	0.45
	<u>25.60</u>	<u>1,38.68</u>

NOTE: XXI	Year ended March 31, 2016 Amount in ₹ Lacs	Year ended March 31, 2015 Amount in ₹ Lacs
COST OF MATERIALS CONSUMED		
Opening stock		
- Raw materials	1,60.21	1,93.98
- Packing materials	2,15.77	1,90.08
	<u>3,75.98</u>	<u>3,84.06</u>
Add : Purchases of raw materials during the year	4,19,14.10	5,61,28.99
Add : Purchases of packing materials during the year	12,62.31	15,03.52
	<u>4,31,76.41</u>	<u>5,76,32.51</u>
Less : Closing stock		
- Raw materials	2,52.85	1,60.21
- Packing materials	2,03.28	2,15.77
	<u>4,56.13</u>	<u>3,75.98</u>
	<u>4,30,96.26</u>	<u>5,76,40.59</u>
Details of raw materials consumed		
Milk	3,31,51.54	5,06,70.27
Ghee	38,73.65	22,14.23
Butter	21,75.52	10,96.57
Other	26,20.75	21,81.69
	<u>4,18,21.46</u>	<u>5,61,62.76</u>
NOTE: XXII		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock		
- Manufactured goods	62,91.92	63,87.20
- Work-in-progress	2,10.01	6,34.74
	<u>65,01.93</u>	<u>70,21.94</u>
Closing stock		
- Manufactured goods	32,48.08	62,91.92
- Work-in-progress	2,82.55	2,10.01
	<u>35,30.63</u>	<u>65,01.93</u>
Excise duty on change in stocks	(4.43)	(26.48)
	<u>29,66.87</u>	<u>4,93.53</u>
Detail of work-in-progress		
Cream	87.64	50.89
Milk	3.27	67.95
Skimmed milk powder (SMP)	17.79	46.61
Lactose	52.30	30.73
Whey protein concentrate (WPC)	1,21.55	13.83
	<u>2,82.55</u>	<u>2,10.01</u>
NOTE: XXIII		
EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	6,66.66	6,49.99
Contribution to provident and other defined contribution funds	30.94	28.46
Staff welfare expenses	1.74	1.60
	<u>6,99.34</u>	<u>6,80.05</u>

NOTE: XXIV	Year ended	Year ended
FINANCE COSTS	March 31, 2016	March 31, 2015
	Amount in ₹ Lacs	Amount in ₹ Lacs
Interest expenses		
- to banks	17,22.67	16,52.98
- others	50.38	73.03
	<u>17,73.05</u>	<u>17,26.01</u>
NOTE: XXV	Year ended	Year ended
DEPRECIATION AND AMORTISATION EXPENSE	March 31, 2016	March 31, 2015
	Amount in ₹ Lacs	Amount in ₹ Lacs
Depreciation of tangible assets [refer note XII]	4,89.40	4,79.29
Amortisation of intangible assets [refer note XII]	0.52	1.51
	<u>4,89.92</u>	<u>4,80.80</u>
NOTE: XXVI	Year ended	Year ended
OTHER EXPENSES	March 31, 2016	March 31, 2015
	Amount in ₹ Lacs	Amount in ₹ Lacs
Consumption of stores and spare parts [refer note XXX(d)]	5,19.32	6,82.24
Power and fuel	17,88.37	24,47.39
Rent	22.66	22.16
Repairs to		
- building	17.32	21.66
- machinery	36.53	56.53
- others	13.69	15.95
Insurance	22.19	27.97
Legal and Professional expenses	52.53	76.70
Payment to Auditors [refer note XXXV]	19.73	17.50
Rates and taxes	7.23	5.62
Bad debts	2.98	-
Travelling and conveyance	67.19	66.48
Provision for milk cess	-	1,19.79
Commission on sale	14.69	15.61
Freight and forwarding charges	2,10.43	1,80.59
Miscellaneous expenses	3,32.71	3,11.29
	<u>31,27.57</u>	<u>40,67.48</u>
NOTE: XXVII	Year ended	Year ended
PRIOR PERIOD ITEMS	March 31, 2016	March 31, 2015
	Amount in ₹ Lacs	Amount in ₹ Lacs
Expenses related to previous year [refer note (a) below]	2.43	1.72
Incomes related to previous year [refer note (b) below]	(4.26)	(20.67)
	<u>(1.83)</u>	<u>(18.95)</u>
Note:		
a) For the year ended 31 st March, 2016, expenses related to previous year primarily comprises of amount written off owing to error in prior years of ₹ 0.99 lacs and miscellaneous expenses ₹ 1.44 lacs. For the year ended 31 st March, 2015, expenses related to previous year primarily comprises of repair charges of ₹ 0.32 lacs, consultancy charges of ₹ 1.01 lacs and miscellaneous expenses ₹ 0.39 lacs which relates to prior year(s).		
b) During the year ended 31 st March, 2016, the Company has accounted for income due to correction of depreciation expense of ₹4.26 lacs which relates to prior year(s). During the year ended 31 st March, 2015, the Company has accounted for income received from power exchange of ₹ 20.67 lacs which relates to prior year(s).		

NOTE: XXVIII**CONTINGENT LIABILITIES AND PROVISIONS**

	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
a) Contingent liabilities:		
Claims against the Company not acknowledged as debts:-	4,11.15	3,99.76
(i) Excise duty [amount deposited under protest ₹ 97.40 lacs (previous year ₹ 97.40 lacs)]*	2,61.25	2,61.25
(ii) Custom Duty [amount deposited under protest ₹ 10.60 lacs (previous year ₹ 10.60 lacs)]*	10.60	10.60
(iii) Entry tax	1,32.84	1,16.50
(iv) Income tax [amount deposited under protest ₹ 6.05 lacs (previous year ₹ 6.05 lacs)]*	6.46	11.41
* Amount deposited under protest is included under the head "Short-term loans and advances" under note XVIII.		
b) Milk cess :		
Milk cess	1,20.14	-
Interest on Milk cess	17,59.44	14,95.87
c) Interest and claims by customers, suppliers, lenders and employees may be payable as and when the outcome of the related matters are finally determined and hence have not been included above. Management based on legal advice and historical trends, believes that no material liability will devolve on the Company in respect of these matters.		
d) Particulars of unhedged foreign currency exposure as at the reporting date: Unhedged foreign currency exposure as at year end		

Particulars	Currency	As at March 31, 2016 Amount in ₹ Lacs	As at March 31, 2015 Amount in ₹ Lacs
Trade receivables	USD	1.13	-
	INR	74.70	-

NOTE: XXIX

During the year ended 31st March, 2016, the Company has incurred a net loss of ₹ 24,23.55 lacs (previous year ₹ 22,25.46 lacs) and as of that date, its accumulated losses aggregate ₹ 1,14,25.25 lacs which have resulted in erosion of the net worth of the Company. Further, its current liabilities exceeds the current assets by ₹ 53,85.50 lacs. Since the Company could not make its normal debt repayments within the stipulated schedule, the management is in the process of renegotiating the terms of repayment of its debt. The management has taken steps, including revision in business strategy and plans, to overcome the situation. The management believes that the projections drawn based on the revised business strategy are achievable. The management is hopeful that the business would turnaround and the Company would be able to achieve a positive net worth in the near future.

NOTE: XXX

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

Particulars	For the Year March 31, 2016 Amount in ₹ Lacs	For the Year March 31, 2015 Amount in ₹ Lacs
a) Earnings in foreign currency		
Export value of goods on FOB basis	24,89.29	40,67.63
b) Expenditure in foreign currency		
Professional and consultation fees	4.92	4.80
Others	0.90	-

Particulars	For the Year March 31, 2016 Amount in ₹ Lacs	For the Year March 31, 2015 Amount in ₹ Lacs
c) Value of imports (Calculated on C.I.F basis)		
Components and spare parts	5.98	60.76
d) Imported and indigenous consumption		
Raw materials and packing materials		
Imported		
- Amount	-	-
- Percentage	-	-
Indigenous		
- Amount	4,30,96.26	5,76,40.59
- Percentage	100.00%	100.00%
Total		
- Amount	4,30,96.26	5,76,40.59
- Percentage	100.00%	100.00%
Stores and spares		
Imported		
- Amount	5.98	60.76
- Percentage	1.15%	8.91%
Indigenous		
- Amount	5,13.34	6,21.48
- Percentage	98.85%	91.09%
Total		
- Amount	5,19.32	6,82.24
- Percentage	100.00%	100.00%

NOTE: XXXI
RELATED PARTY DISCLOSURES

a) Disclosure of related parties and relationship between the parties :-

Nature of relationship
Name of related party

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, Modern Dairyfarms Limited, Nabha Commerce Private Limited, Bharat Forgings Private Limited, PHi Business Solutions Limited, Modern Automotives Limited, Krishan Kumar Goyal (HUF), Amarjit Goyal (HUF)

Key management personnel (KMP)

Mr. Krishan Kumar Goyal - Chairman & Managing Director, Mr. A.K. Aggarwal - Executive Director, Mr. P.K. Jain*.

* Mr. PK Jain was director up to 31st July, 2014.

b) Transactions with related parties

Companies in which directors of the Company are able to exercise control or have significant influence	Year ended March 31, 2016 Amount in ₹ Lacs	Year ended March 31, 2015 Amount in ₹ Lacs
Rent paid		
Mala Builders Private Limited	2.74	2.70
Interest expense		
Chandigarh Finance Private Limited	-	32.75
Sale of goods		
Modern Steels Limited	8.75	3.89
Purchases of raw material		
Modern Dairyfarms Limited	48,24.95	2,12,60.86
Sharing of expenses (payment)		
Modern Steels Limited	22.75	16.69
Closing Balance:		
Unsecured Loans (included in Long term borrowings)		
Chandigarh Finance Private Limited	3,57.00	3,57.00
Key management personnel (KMP)		
Remuneration Paid :-		
Krishan Kumar Goyal	30.00	30.00
A.K. Aggarwal	26.92	26.86
P.K. Jain	-	6.56
Closing Balance:		
Amount payable		
Krishan Kumar Goyal	36.46	20.73
A.K. Aggarwal	2.24	2.24

NOTE: XXXII**SEGMENT INFORMATION****Primary segment**

The Company is primarily engaged in the business of manufacturing/processing of milk and milk products like Casein, Lactose, Skimmed milk powder, Cheese, Butter, Pure Ghee, Premix etc., management considers the risk and rewards associated with these products to be similar in nature. Accordingly, the entire operations of the company are governed by the same set of risk and rewards and thus, it operates in a single primary segment.

Secondary segment

The Company's business is organized into two key geographic segments. Revenues are attributable to individual geographic segments based upon the location of customers.

Other information

The accounting policies consistently used in the preparation of financials statements are also applied to revenues and expenditure of individual segments.

Segment information disclosures as required under Accounting Standard-17 " Segment Reporting" as specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Secondary segment information- Geographical

Amount in ₹ Lacs

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Within India	Outside India	Within India	Outside India
Revenue	4,72,85.24	25,12.70	5,87,08.87	41,04.57
Trade receivables (net of provisions)	29,67.86	74.70	31,38.20	-

NOTE: XXXIII
EARNING PER SHARE

The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" as specified under section 133 of Companies Act, 2013 read with rule 7 of the Companies(Accounts) Rules, 2014 (as amended).

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Net Loss after tax (A)	(24,23.55)	(22,25.46)
Net Loss attributable to equity shareholders for Basic EPS (B)	(24,23.55)	(22,25.46)
Net Loss attributable to equity shareholders for Dilutive EPS (C)	(24,23.55)	(22,25.43)
Weighted average number of equity shares for Basic EPS (No. in lacs) (D)	2,33.20	2,33.20
Weighted average number of equity shares for Dilutive EPS (No. in lacs) (E)	2,33.20	7,29.73
Loss per share (₹) (B/D) - Basic	(10.39)	(9.54)
Loss per share (₹) (C/E) -Diluted	(10.39)	(9.54)
Face value per equity share (₹)	10.00	10.00

NOTE: XXXIV
LEASES

The Company has leased facilities under cancellable operating leases arrangements with a lease term ranging from one to three years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹ 22.66 lacs (Previous year ₹ 22.16 lacs).

NOTE: XXXV
PAYMENTS TO AUDITORS

	Year ended March 31, 2016 Amount in ₹ Lacs	Year ended March 31, 2015 Amount in ₹ Lacs
As auditor		
Statutory audit*	8.27	7.30
Limited review*	7.72	6.40
Tax audit*	1.15	1.13
	17.14	14.83
Reimbursement of expenses	2.59	2.67
	19.73	17.50

* Inclusive of service tax

NOTE: XXXVI

Pursuant to the reference filed by the Company with Board for Industrial and Financial Reconstruction (BIFR) under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 the BIFR vide its order dated 8th February, 2012 declared the Company as sick and appointed Punjab National Bank being the Lead Bank as Operating Agency (OA) to formulate rehabilitation plan for the Company. As per the meeting held on 15th April, 2013 Company has submitted Debt Restructuring Scheme (DRS) on 25th February, 2013. During the previous year ended 31st March, 2015, the matter came up for hearing on 28th May, 2014, and the Hon'ble BIFR Board observed that in the light of the Milk Cess matter being pending before the Supreme Court, the DRS of the Company could not be formulated, the Hon'ble Bench directed the Company and the Haryana Livestock Development Board to keep the BIFR Board updated. There is no further update on the matter since the matter has not yet come up for hearing.

NOTE: XXXVII

In the opinion of the board of directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in accounts.

NOTE: XXXVIII

Previous year figures have been regrouped /recasted, wherever considered necessary to make them comparable with those of the current year.

This is the summary of significant accounting policies and other explanatory information for the year ended 31st March, 2016 referred to in our report of even date.

For Walker Chandiok & Co LLP

Chartered Accountants

For & on Behalf of the Board of Directors

per Lalit Kumar
Partner

A K Aggarwal
Director
(DIN: 00486430)

Satish Kapoor
Director
(DIN: 00009122)

Mukesh Sehgal
GM (Corporate Finance) & CFO

Anubha Garg
Company Secretary

Place : Chandigarh
Date : 30th May, 2016

Place : Chandigarh
Date : 30th May, 2016