

UMANG DAIRIES LIMITED

Gulab Bhawan, 3rd Floor, 6A, Bahadur Shah Zafar Marg, New Delhi - 110 002



24th August 2020

Electronic Filing

Department of Corporate Services/
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Fort
Mumbai – 400 001

Scrip Code: 500231

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra – Kurla Complex
Bandra (E)
Mumbai – 400 051

Symbol : UMANGDAIRY
Series : EQ

Dear Sir/Madam,

Re: Regulation 34 of Securities and Exchange of Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 – Annual Report for the financial year ended 31st March 2020

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we submit herewith Annual Report 2019-20 of the Company for the Financial Year ended 31st March 2020, being sent to those members by email whose email addresses are registered with the Company/Depository Participant(s), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. The Annual Report is also uploaded on the website of the Company at www.umangdairies.com

Submitted for your kind reference and records.

Thanking you

Yours faithfully,
For Umang Dairies Limited

(Pankaj Kamra)
Company Secretary

Encl: a/a

Cc: National Securities Depository Ltd. (E-mail: manish.sharma@nsdl.co.in)
Central Depository Services (India) Ltd. (E-mail: GreenInitiative@cdslindia.com)
MAS Services Ltd., RTA (E-mail: info@masserv.com)



Admn. Office : Gulab Bhawan, 3rd Floor, 6A, Bahadur Shah Zafar Marg, New Delhi - 110 002, Ph. : (011) 33001162, 33001112, Fax : 23739475

E-mail : umang@jkmall.com

Regd. Office : Gajraula Hasanpur Road, Gajraula - 244 235 Dist. Amroha (U.P.) Ph. : (05924) 252491- 92, Fax : (05924) 252495

E-mail : udl@umangdairy.com, Website : www.umangdairies.com, C I N : L15111UP1992PLC014942

AN ISO 9001 : 2008, HACCP, ISO 14001 : 2004 & OHSAS 18001 : 2007 Certified Company



Umang

The foundation of joy

Annual Report 2019-20





Working towards a self-reliant, healthy nation with our wide range of milk-based products with top-grade quality, taste and purity. Umang Dairies enhances the quality of life with products that are fresh, rich in health-based contents and filled with happiness.





BOARD OF DIRECTORS

Ram Chandra Periwai
Sharda Devi Singhania
Amar Singh Mehta
Ratan Chand Jain
Desh Bandhu Doda
Manish Bandlish
Chief Executive Officer & Director

ADMINISTRATIVE OFFICE

Gulab Bhawan (Rear Block), 3rd Floor
6A, Bahadur Shah Zafar Marg
New Delhi - 110 002
Phone : (011) 30179770
E-mail : umang@jkmil.com
website : www.umangdairies.com

REGISTERED OFFICE

Gajraula-Hasanpur Road
Gajraula - 244 235
Dist. Amroha
Uttar Pradesh
Phone : (05924) 252491 - 2
E-mail : udl@umangdairies.com

AUDITORS

Singhi & Co.
Chartered Accountants

COMPANY SECRETARY

Pankaj Kamra

BANKERS

Axis Bank

SHARE TRANSFER AGENT

MAS Services Ltd.
T-34, 2nd Floor, Phase - II
Okhla Industrial Area
New Delhi – 110 020
Phone : (011) 26387281/82/83
E-mail : info@masserv.com



BOARD'S REPORT AND MANAGEMENT DISCUSSIONS AND ANALYSIS

To the Members,

The Directors have pleasure in presenting the 27th Annual Report and Audited Financial Statements of Umang Dairies Limited (UDL) for the year ended 31st March 2020.

FINANCIAL RESULTS

(Rs. in Crores)

	2019-20	2018-19
Revenue from Operations	245.76	225.77
Profit before Finance Cost and Depreciation (PBITD)	12.02	14.16
Profit before Tax (PBT)	4.07	6.54
Profit after Tax (PAT)	2.83	5.05
Surplus brought forward	36.73	32.84
Total amount available for appropriation	39.56	37.89
APPROPRIATIONS:		
General Reserve	0.50	0.50
Dividend (Incl. Tax)	1.33	0.66
Surplus carried forward	37.73	36.73

DIVIDEND

The Directors are pleased to recommend a dividend of 10% on equity shares.

OPERATIONS

The Revenue from Operations was Rs.245.76 crores during the year as compared to Rs 225.77 crores in the previous year. Milk price remained at an unprecedented high level through out the year at an average of Rs. 44.90 per Kg. This spurt in prices was due to delayed monsoon and extended summer. High milk prices and short supply of milk led to higher SMP price in H2 of 2019. Ghee prices did not increase in-line with milk prices.

The Company has been reducing its dependence on bulk sales of Ghee and in line with this, it reduced bulk Ghee sales by 70% and focussed on converting bulk sales into retail packs to gain better margins. This has led to volume growth in retail and institutional sales.

UDL has been able to retain its volumes in the consumer segment, with its brands like JK Dairy White Magik, JK Dairy Top, Umang Ghee and JK Dairy Milk Star. It has been able to grow its institutional business of products like Ghee and Dairy Whitener to Organized Retail chains like Walmart, Grofers, Spar, Spencer's, Aditya Birla, More, Amazon, Reliance etc. and to large corporates like Coca Cola and GSK Consumer Healthcare, as an input to their final products.

The Company launched 3 new products in the year based on consumer research and demand pattern. All the 3 products have been well accepted by the market. UDL is continuing to invest in retail distribution expansion and up-gradation of distribution infrastructure. This will help in driving sales and distribution of consumer products.

UDL opened Nepal market with Dairy Creamers in the month of June 2019. Though the competition is tough, we were able to create a space in the market.

In the coming year UDL will continue its efforts to build consumer and institutional, modern trade and e-commerce segments for its products. The Company has renewed its efforts on new product development and is actively engaging with consumers to develop products based on their feedback.

Despite National lockdown due to COVID-19, the Company continued its operation being an essential supply item, after ensuring all precaution for safety, health and hygiene of its employees.



Milk Procurement / Raw Material Security

Liquid milk prices remained very high during the year. This has led to good realisation of prices at farmer level. While commodity prices of SMP and Ghee also increased, Ghee prices did not move in-line with milk prices, leading to pressure in margins.

With farmers realising higher value for Milk in 2019-20, it is expected that they would be able to invest in new cattle and better feed for their Cattle. In 2020-21 the production of milk is expected to be high compared to last year which can result in lower milk prices. The selling prices of Ghee/SMP are expected to be lower this year.

Most dairies are procuring the milk through Village Level Collection (VLC), which is leading to high competition at the village level. Share of milk procured through VLC has increased for UDL during the year, which has also led to better quality milk being procured to manufacture its products.

Liquid Milk Plant

UDL operates and manages a facility owned by another Company to process and pack Liquid Milk in poly pouches, under a long-term agreement. Capacity utilization for the year was at 96%. The capacity utilization for the Curd & Chhach plant was 73% which is highest till date.

Growth and Modernization

Company wishes to become a significant player in Dairy and food space. New products like Consumer Butter, TOP Premium High yield SMP, Milk Star and Top Dairy Creamer were introduced in the market. UDL continues to modernize its plant for better efficiency. UDL installed high speed powder packing machine with secondary packing automation in 2019-20, which will result in better productivity, reduction in packing material loss and better packing quality.

Food Safety

Food Safety and Quality remained a Focus Area for UDL during FY 2019 -20.

We complied the requirements of Food Safety Management System as per FSSC 22000 Version 4.1 and Quality Management System as per ISO: 9001 – 2015. We also developed a dedicated Team of 20 Certified Internal Auditors to support the compliances across functions in Plant Site as well as front end. This enabled us to maintain Food Safety & Quality standards at par with leading Food & Dairy brands.

Good Manufacturing Practices (GMP) and structured trainings imparted by internal and external faculties played a pivotal role in this journey towards excellence. Prevention of Food Fraud, Food Threats and Integrated Pest Management System remained most important aspects of these training sessions.

Due to knowledge gained through training and concerted effort by the team, UDL has successfully cleared GMP & Food Safety Audits by renowned Indian and International companies like Nestle, Amazon & Mother Dairy. We sustained the Number 1 Position in Plant Grading Index (PGI) Audit by Mother Dairy for 6th year in a row for 3P operations. This covers Infrastructure and systems in dairy processing plant for food safety compliance.

INDUSTRY SCENARIO

INDIAN DAIRY INDUSTRY

After farm crops, milk is the 2nd biggest source of earning for rural farmers. In 2019, India's milk production reached 195 Million tons. Being the leading producer and consumer of dairy products, India has attracted attention of many international players. Lactalis acquired three dairy plants at strategic locations in India, Fonterra has recently tied up with Big Bazaar to launch Dairy products in their stores and in key markets in India. Other players like BEL group, leading Cheese marketer from France, have started operations in India.

The end of FY 2019-20 brought lots of challenges due to the COVID-19 spread in India. The preventive steps to contain the spread of Virus has led to significant drop in the milk prices. The out-of-home consumption, which is 15% of total dairy consumption, has come to a complete halt during this period. The Institution powder (Includes SMP for Ice-cream) sale and Bulk ghee business has also suffered a major blow in sales and consumption.



The value-added segment has seen a lot of innovation. New variety of Cheese and flavoured Ghee and Ghee spreads and Greek Yogurt have been launched in the market and are slowly gaining traction with consumers.

OPPORTUNITIES & THREATS

Opportunities

- i. The growth of alternate channel like E-commerce & App based Hyperlocal delivery platforms give an opportunity for companies to try new Innovations.
- ii. Focus on Retail servicing would be helpful to get better pricing for Ghee.
- iii. Innovation in healthy and immunity boosting products in dairy have an opportunity in the coming future.
- iv. The milk prices are expected to be range bound and can pose an opportunity for Dairy companies.

Threats

- i. The slowdown in out-of-home consumption and Food Services channel would bring challenges for dairy companies and competition in consumer segment would intensify.
- ii. Adulterated Ghee continues to plague the market which is a serious health risk for the consumers.

GROWTH OUTLOOK

The Indian economy has slowed down in last two years and FY20-21 is expected to grow at low single digits. The Dairy industry which has been growing at CAGR of 15% would also face challenges in the growth outlook.

Rapid digitization due to lockdown has brought sudden focus on online purchase and home delivery of packed/processed consumer products. The demand of healthy, nutritious, immunity boosting, and convenient products would see a rise due to restriction on out of home consumption.

Competition to retain and gain the consumer mind space would intensify and it will bring more focus on product quality and continuous product enhancement and development.

UDL is also exploring the new distribution channels and opportunities in product segments to gain better connect with the market.

RISKS & CONCERNS

The COVID-19 situation would be tough for many companies. Overall consumption and demand could be impacted in consumer products segment.

The lower milk prices might shift the farmers' investment in cattle, and it may lead to higher milk prices again in next FY.

HUMAN RESOURCE MANAGEMENT/ INDUSTRIAL RELATIONS

Employees are considered as key stakeholders in the progress of organisation and various initiatives are being taken to upgrade their skills through internal and external training. Job rotation opportunities are encouraging people to take on new roles and maximize their learning and work experience. "Reward and Recognition" schemes have been introduced to develop a competitive and performance-oriented work culture. Automation of HR functions helps in building speed, accuracy and improve employee experience. In order to encourage leadership and problem-solving qualities among workmen, UDL has established cross Functional Team projects. UDL provides various Communication platforms with Senior Leadership to ensure open and transparent feedback from employees.

Industrial Relations remained cordial throughout the year under review.

INTERNAL CONTROL SYSTEM

Internal audit by corporate audit team consisting of Chartered Accountants as well as an external firm of Chartered Accountants is in place and carries out their job at predetermined frequency. Their task is to audit internal control systems, financial transactions and statutory compliances. Findings/ audit reports along with the action taken reports are reviewed by the Audit Committee. The Audit Committee also reviews the effectiveness of Company's internal controls and regularly monitors implementation of audit recommendations.



The Company has in place adequate internal controls commensurate with the size and nature of its operations.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as on financial year 31st March 2020 in the prescribed form MGT-9 is attached as **Annexure-1** to this Report and forms part of it.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or securities and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the financial statements.

RELATED PARTY TRANSACTIONS

During the financial year ended 31st March 2020, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Further, the Company has not entered any contract or arrangement or transaction with the Related Parties which could be considered material in accordance with the Policy of the Company on materiality of Related Party Transactions. In view of the above, disclosure in FORM AOC-2 is not applicable.

The Related Party Transaction Policy approved by the Board is available on the website of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Smt. Sharda Devi Singhania retires by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting (AGM).

Shri Manish Bandlish was appointed as "Chief Executive Officer & Director" of the Company w.e.f. 24th July 2019 till 23rd July 2022 pursuant to the Special Resolution, passed by the Members at the AGM held on 19th September 2019.

Shri A.S. Mehta was appointed as Non-Executive-Independent Director of the Company w.e.f. 24.07.2019 for a period of five consecutive years and the requisite resolution in this regard was passed by the Shareholders at the Annual General Meeting held on 19.09.2019.

Shri Puneet Garg is the Chief Financial Officer of the Company w.e.f. 3rd February 2020, post the resignation of Shri L.R. Nayak.

Shri R.C. Periwal was reappointed as Independent Director of the Company for a period of three years by the Members at the AGM held on 19th September 2019.

All the Independent Directors of the Company have given requisite declarations that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and also Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that they are not aware of any circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence and have also complied with Rule 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules 2014.

CORPORATE SOCIAL RESPONSIBILITY

The Company has framed Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act 2013 and rules made thereunder. During the year Company has spent Rs. 18.71 Lakhs under various CSR activities, higher than the statutory requirement of Rs. 10.41 Lakhs.

A detailed report on Company's CSR activities along with the annual report on the CSR activities undertaken by the Company during the financial year under review, in the prescribed format is annexed to this Report as **Annexure-2** and forms part of it.

AUDITORS

(a) Statutory Auditors and their Report

M/s Singhi & Co., Chartered Accountants, have been appointed as Auditors of the Company to hold the office from the conclusion of the 24th Annual General Meeting (AGM) held in the year 2017 till the conclusion of the 29th AGM of the company to be held in year 2022. The observation of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self-explanatory. The Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.



(b) Secretarial Auditor and Secretarial Audit Report

The Board of Directors appointed Shri Namo Narain Agarwal, Company Secretary in Practice as Secretarial Auditor to carry out Secretarial Audit of the Company for the financial year 2019-2020. The Report given by him for the said financial year in the prescribed format, pursuant to the provisions of Section 204 of the Act and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is annexed to this Report as **Annexure-3** and forms part of it. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

(c) Cost Auditor and Cost Audit Report

In accordance with the provisions of Section 148(1) of the Act, the Company has maintained cost accounts and records. The Cost Audit for the financial year ended 31st March 2019 was conducted by M/s Sanjay Kumar Garg & Associates, Cost Accountants, Delhi and as required Cost Audit Report was duly filed with the Ministry of Corporate Affairs, Government of India. The Audit of the Cost Records for the financial year ended 31st March 2020, is being conducted by the said firm and the Report will also be filed with the Ministry of Corporate Affairs, Government of India.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

CONSERVATION OF ENERGY ETC.

The details as required under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is annexed to this Report as **Annexure-4** and forms part of it.

PARTICULARS OF REMUNERATION

Disclosure of the ratio of the remuneration of each director to the median employee's remuneration and other requisite details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to this Report as **Annexure-5** and forms part of it. Further, Particulars of Employees pursuant to Rule 5(2) & (3) of the above Rules, form part of this Report. However, in terms of provisions of Section 136 of the Act, the Annual Report for the financial year 2019-20 is being sent to all the members of the Company and others entitled thereto, excluding the said particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary. The said information is available for inspection at the Registered Office of the Company during working hours.

CORPORATE GOVERNANCE

Your Company reaffirms its commitment to the highest standards of corporate governance practices. Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made part of this Annual Report.

The Corporate Governance Report which forms part of this Annual Report, also covers the following:

- a) Particulars of the five Board Meetings held during the financial year under review.
- b) Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management including, inter alia, the criteria for performance evaluation of Directors.
- c) The manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors.
- d) The details with respect to composition of Audit Committee and establishment of Vigil Mechanism.
- e) Details regarding Risk Management.
- f) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DEPOSITS

The Company has not taken any deposits from the public.



COMPLIANCE WITH SECRETARIAL STANDARDS

The applicable Secretarial Standards issued under Section 118 of the Companies Act 2013 have been complied with.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:-

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any;
- b) The accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a going concern basis.
- e) The proper internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- f) The proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CAUTIONARY STATEMENT

Management Discussion and Analysis Report contains forward looking statements which may be identified by the use of words in that direction or connoting the same. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are forward looking statements. These are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievement could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise such forward looking statements, on the basis of any subsequent development, information or events.

ACKNOWLEDGEMENT

The Directors wish to thank its Customers, Shareholders, Banks, Dealers, Suppliers and Government Authorities for their continued support.

The Board also places on record its sincere appreciation of the hard work, put in by the employees at all levels during the period under report.

On behalf of the Board of Directors

Place: New Delhi
Date: 13th May 2020

Manish Bandlish
(Chief Executive Officer & Director)

R. C. Periwal
(Director)



ANNEXURES TO THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

ANNEXURE-1

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March 2020

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L15111UP1992PLC014942
2.	Registration Date	02.12.1992
3.	Name of the Company	Umang Dairies Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares/Non-Government Company
5.	Address of the Registered office & contact details	Registered office :- Gajraula-Hasanpur Road Gajraula -244235 Dist. Amroha, Uttar Pradesh Ph. No. : (05924) 252491 – 2 Fax No. : (05924) 252495 Email ID:- sharesumang@jkm.com Website: www.umangdairies.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of Registrar and Transfer Agent, if any.	MAS Services Limited T-34, 2 nd Floor, Phase-II Okhla Industrial Area New Delhi – 110 020 Ph. No. : (011) 26387281/82/83 Fax No. : (011) 26387384 Email ID : info@masserv.com Website: www.masserv.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:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Dairy Products	1050	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Bengal & Assam Company Limited	L67120WB1947PLC221402	Holding	55.30	2(46)



IV. SHAREHOLDING 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 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters*									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	16415734	0	16415734	74.61	16416234	0	16416234	74.61	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):-	16415734	0	16415734	74.61	16416234	0	16416234	74.61	0
(2) Foreign									
a) NRI –Individuals	0	0	0	0	0	0	0	0	0
b) Other –Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1) + (A)(2)*	16415734	0	16415734	74.61	16416234	0	16416234	74.61	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	12000	12000	0.05	0	12000	12000	0.05	0.00
b) Banks / FI	1270	2800	4070	0.02	570	2800	3370	0.02	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	1270	14800	16070	0.07	570	14800	15370	0.07	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	315667	30300	345967	1.57	974659	29300	1003959	4.56	2.99
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
* The total shareholding of Promoters at (A) above includes 54,42,769 Equity Shares (24.74%) as on 1.4.2019, 42,47,804 Equity Shares (19.31%) as on 31.3.2020 and a change of 5.43% during the year pertaining to constituents of the Promoter Group as per SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018. The same does not form part of the Promoters as defined in the Companies Act, 2013.									



Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2019)				No. of Shares held at the end of the year (As on 31.03.2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3061271	1245131	4306402	19.57	2816358	1222937	4039295	18.36	(1.21)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	705451	0	705451	3.21	399388	0	399388	1.81	(1.40)
c) Others (specify)									
(i) Non Resident Indians/ OCB	147483	0	147483	0.67	98749	0	98749	0.45	(0.22)
(ii) Clearing Member	66093	0	66093	0.30	30205	0	30205	0.14	(0.16)
(iii) Trust	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2):-	4295965	1275431	5571396	25.32	4319359	1252237	5571596	25.32	0.00
Total Public Shareholding (B)=(B)(1)+ (B)(2)	4297235	1290231	5587466	25.39	4319929	1267037	5586966	25.39	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	20712969	1290231	22003200	100	20736163	1267037	22003200	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1 st April 2019)			Shareholding at the end of the year (as on 31 st March 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Bengal & Assam Company Ltd.	1,09,72,965	49.87	-	1,21,68,430	55.30	-	5.43
	Total	1,09,72,965	49.87	-	1,21,68,430	55.30	-	

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

Sl. No.		Shareholding at the beginning of the year (as on 1 st April 2019)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Bengal & Assam Company Ltd.				
	At the beginning of the year	1,09,72,965	49.87	1,21,68,430	55.30
	Increase in Shareholding due to Acquisition pursuant to Scheme of Arrangement on 24.5.2019.	11,95,465	5.43	1,21,68,430	55.30
	At the end of the year i.e., 31.03.2020			1,21,68,430	55.30



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

Sl. No.	Top Ten Shareholders	Shareholding at the beginning of the year (1 st April 2019)		Cumulative Shareholding at the end of the year (31 st March 2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sidhivinayak Trading and Investment Limited	3850000	17.50	3850000	17.50
2.	Prisure Promotion & Tradings Limited**	11077	0.05	593946	2.70
3.	Accurate Finman Services Limited	397804	1.81	397804	1.81
4.	Deepa Bagla Financial Consultants Private Limited**	-	-	267512	1.21
5.	Vijay Kumar Singh	73450	0.33	73450	0.33
6.	East India Securities Limited	58000	0.26	50808	0.23
7.	Sarwankumar Devidutt Saraf	53500	0.24	47300	0.21
8.	Suresh Dindayal Khatri	47000	0.21	47000	0.21
9.	Rajeshkumar Rameshbhai Prajapati	47000	0.21	41862	0.19
10.	Hasmukh Parekh**	38100	0.17	38100	0.17
11.	Florence Investech Limited	1194965	5.43	Amalgamated with Bengal & Assam Company Limited	

Note: Around 94% of the Shares of the Company are held in dematerialized form and are traded on daily basis. Therefore, the date wise increase/decrease in shareholding is not indicated.

** were not a part of top 10 shareholders in last financial year but forming part of top 10 shareholders as on 31.03.2020.

(v) Shareholding of Directors and Key Managerial Personnel:

1. Shri Ratan Chand Jain, Director

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1 st April 2019)		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	100	0.0	100	0.0
	Date wise Increase/Decrease in Shareholding during the year	NO CHANGE			
	At the end of the year i.e. 31.03.2020			100	0.0

2. Shri Desh Bandhu Doda, Director

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year (as on 1 st April 2019)		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50	0.0	50	0.0
	Date wise Increase/Decrease in Shareholding during the year	NO CHANGE			
	At the end of the year i.e. 31.03.2020			50	0.0

NOTE: Smt Sharda Devi Singhania, Shri Ram Chandra Periwal, Shri A.S. Mehta, Directors and Shri Manish Bandlish, CEO & Director of the Company and Shri L.R. Nayak, Chief Financial Officer (ceased w.e.f. 31st December 2019) and Shri Puneet Garg, Chief Financial Officer (appointed w.e.f. 3rd February 2020) and Shri Pankaj Kamra, Company Secretary of the company were not holding any shares in the company at the beginning of the year, i.e. as on 1st April 2019 and at the end of the year i.e., as on 31st March 2020 and hence there was no increase/decrease in their shareholding during the financial year 2019-20.



V. INDEBTEDNESS

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

(Rs in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,113.15	-	-	3,113.15
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10.05	-	-	10.05
Total (i+ii+iii)	3,123.20	-	-	3,123.20
Change in Indebtedness during the financial year				
• Addition	1,505.63	-	-	1,505.63
• Reduction	390.73	-	-	390.73
Net Change	1,114.90	-	-	1,114.90
Indebtedness at the end of the financial year				
i) Principal Amount	4,233.30	-	-	4,233.30
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.80	-	-	4.80
Total (i+ii+iii)	4,238.10	-	-	4,238.10

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in lakhs)

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:			
Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Shri Manish Bandlish* (CEO & Director)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	96.07	96.07
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4.41	4.41
	(c) Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	-	-
2	Others: Contribution to Provident Fund and Insurance	4.41	4.41
	Total(A)	104.89	104.89
	Ceiling as per Act	Rs. 168 lacs [^]	

[^]Based on effective capital of the Company as on 31st March 2019, as per Schedule V to the Companies Act, 2013

* Shri Manish Bandlish was appointed as CEO & Director w.e.f. 24.7.2019

(The Company does not have Sweat Equity/Scheme for stock option. Commission-Not Applicable).



(Rs. in lakhs)

B. Remuneration to other directors:					
Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Shri Ratan Chand Jain	Shri Ram Chandra Periwal	Shri Amar Singh Mehta#	
	• Fee for attending Board/ Committee Meetings	3.60	4.60	2.30	10.50
	• Commission	0.40	0.40	0.28	1.08
	Total (1)	4.00	5.00	2.58	11.58
2.	Other Non-executive Directors	Smt.Sharda Devi Singhania	Shri Desh Bandhu Doda		
	• Fee for attending Board/ Committee Meetings	1.50		3.12	4.62
	• Commission	4.50		0.40	4.90
	Total (2)	6.00		3.52	9.52
	Total (B) = (1+2)				21.10
	Total Managerial Remuneration* (A+B)				125.99
	Overall ceiling as per Act	Rs. 58.64 lacs (being 11% of the net profits of the Company as per Section 198 of the Companies Act, 2013). In addition, the Company can pay Sitting fees @ Rs. 1 lacs to each of the Directors. for each of the meetings of the Board and its Committees attended by him/her.			

* Total Managerial Remuneration to CEO & Director and other Directors (being the total of A and B) includes, sitting fees of Rs.15.12 lacs.

Appointed w.e.f. 24.7.2019

(Rs. in lakhs)

C.		Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD				
Sl. No	Particulars of Remuneration	Key Managerial Personnel				
		Shri Manish Bandlish (Chief Executive Officer (01.04.2019 to 23.07.2019))	Shri L.R. Nayak, Chief Financial Officer (01.04.2019 to 31.12.2019)	Shri Puneet Garg, Chief Financial Officer (03.02.2020 to 31.03.2020)	Shri Pankaj Kamra, Company Secretary	Total
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	40.29	36.11	3.72	9.11	89.23
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	22.13	6.48	0.09	-	28.70
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-	-
2	Others; Contribution to Provident Fund and Insurance	1.72	1.36	0.21	0.47	3.76
	Total	64.14	43.95	4.02	9.58	121.69

(The Company does not have Sweat Equity/Scheme for stock option. Commission-Not Applicable)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March, 2020.

**CORPORATE SOCIAL RESPONSIBILITY REPORT****I. Company's CSR Philosophy and Belief**

Umang Dairies endeavors to create communities that are economically viable and socially inclusive. Our CSR programmes are thus a participatory exercise designed to provide better livelihood opportunities. We also support all National Programs that are aimed at uplifting the status of women, livelihood support through micro enterprises, enabling access to healthcare, sanitation and education.

II. CSR Policy

The Company has been focusing on inclusive growth and it has been undertaking activities aimed at welfare of the society in the areas pertaining to Dairy Interest Groups (DIGs), animal welfare, adult literacy among women, free health check-up camps etc.

The Company has framed a CSR Policy as required under Section 135 of the Companies Act 2013. The details of the CSR Policy has been posted on the website of the Company and the web-link for the same is <https://www.umangdairies.com/pdf/CSRPolicy.pdf>

III. ANNUAL REPORT ON THE CSR ACTIVITIES UNDERTAKEN BY THE COMPANY DURING THE FINANCIAL YEAR ENDED 31ST MARCH 2020**1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs-**

The CSR at UDL is focused on creating economic and social well being of the communities around our plant in Gajraula. Milk farming traditionally has been a vital component of the local economy and has been a major source of income for the poor & landless.

The CSR strategy thus identified two key interventions:

- a) Providing services for superior animal breeding & nutritional feeds that generate higher yields per animal and enhanced milk producing life cycle.
- b) Enabling formation of women DIGs an intervention that not only creates income opportunities but also empowers them socially.

Specific Highlights in each of the activities are provided below:

Dairy Interest Groups

- 658 DIGs comprising 6773 women and 50 men were formed.
- Villages covered 212.
- 582 DIGs were linked to the banks.
- Members of 582 DIGs were provided with first training on five important aspects of group formation viz., why DIGs, monthly meeting, book keeping, bank & credit linkage & role of DIG leaders.
- 356 SHGs have been credit linked after 1st grading and 70 DIGs have been credit linked after 2nd grading with the banks.
- Unsecured loan of Rs. 3.77 Crores given by the banks to the DIGs till March 2020.
- Fund rotation of Rs. 5.23 Crores including the internal saving of the SHG along with their interest earned on their internal lending.



Consolidating the DIGs into Farmers' Producers Organizations (FPOs)

- Moving on the ladder of institution building, DIGs of Dhanaura and Hasanpur blocks are being consolidated into 2 Farmers' Producers Organization registered under the Companies Registration Act.
- Each of the FPOs will link 500+ dairy producers and provide end to end solution to them under the guidance of NABARD and SPARSH Social Foundation.

EShakti: A program for Digitization of the SHG

- SPARSH has been appointed as the nodal agency for Amroha district and given the project of digitization of all the SHG in the district.
- 650 SHGs have been covered in this program and their data have been shared with NABARD for feeding them in the EShakti Mobile Application through which the SHG activities will be undertaken.

Rural Mart: Providing the backward and forward linkages to the DIGs

- In order to provide the comprehensive services to the DIGs, a Rural Mart has been sanctioned to one of our SHG by NABARD which will provide the following services:
 - o Capturing the common issues related with the cattle health in order to conduct a "Need-based" Animal Health Camps.
 - o Providing the dairy inputs like Feed, Feed Supplements, Mineral Mixture on competitive rates at the door-steps of the dairy farmers.
 - o Facilitation of milk collection through the association of the nearest Village Level Collection Centre (VLCC).

Farmers Club

- Handholding support was provided to all 13 Farmers Club in terms of linking them with the bank for their financial needs.
- The members were also given orientation about the improved varieties of the green fodder and their importance in cattle health and milk production.
- Mobilization and sensitization meetings were also conducted for motivating them for organic vegetable cultivation.

Healthcare & Sanitation

- Awareness & advocacy meetings with women on sanitation & hygiene routinely undertaken.

2. The Composition of the CSR Committee:

The CSR Committee comprises of the following Directors:

- Shri R. C. Periwal (Chairman of the Committee), Independent Director
- Shri R. C. Jain, Independent Director
- Shri Manish Bandlish, Non-Independent Director

3. Average Net Profit of the Company for last three financial years: Rs. 521 Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 10.41 Lakhs

5. Details of CSR spent during the financial year

- | | | |
|--|---|-----------------|
| a. Total amount to be spent for financial year | : | Rs. 19.03 Lakhs |
| b. Amount unspent, if any | : | Rs. 0.32 Lakhs |
| c. Actual Amount spent during the financial year | : | Rs. 18.71 Lakhs |



d. Manner in which the amount spent during the financial year is detailed below:

(Rs. In Lakhs)

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was Undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2)Overheads:	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency
1.	Initiative for Employability & Livelihood enhancement activities (DIG's)	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently able and livelihood enhancement projects;	Gajraula, Dist. Amroha, Uttar Pradesh	18.88	18.31	18.31	SPARSH
2.	Miscellaneous Expenses	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently able and livelihood enhancement projects;	Gajraula, Dist. Amroha, Uttar Pradesh	0.15	0.40	0.40	SPARSH
Total				19.03	18.71*	18.71*	

6. Reasons for shortfall:

*The major reason for the shortfall of the budget utilization by Rs. 0.32 Lakhs in Dairy Interest Groups was due to COVID 19 pandemic and the lockdown which interrupted the field level work in the last quarter of the financial year 2019-20. An enhanced amount of Rs. 18.71 Lakhs has been spent towards CSR expenditure during the year against the requirement of Rs. 10.41 Lakhs.

7. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place: New Delhi
Date: 13th May 2020

Manish Bandlish
(Chief Executive Officer & Director)

R. C. Periwal
(Chairman, CSR Committee)



SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

*[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,

Umang Dairies Limited,

Gajraula-Hasanpur Road, Gajraula – 244235

Dist. Amroha, Uttar Pradesh

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Umang Dairies Limited (hereinafter called 'the Company'). 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 my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 (Audit Period), 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- (Not applicable to the Company during the Audit Period);
 - (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- (Not applicable to the Company during the Audit Period);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - (Not applicable to the Company during the Audit Period); and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Regulations) Regulations, 2015.
- (vi) Management has identified and confirmed the following laws as being specifically applicable to the company and complied with:-
 - UP Milk Act, 1976
 - UP Milk and Milk Products Order, 1977
 - Food Safety and Standards Act, 2006



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

- (i) Mandatory Secretarial Standard 1 and Secretarial Standard 2 issued by the Institute of Company Secretaries of India,
- (ii) The Listing Agreement(s) entered into by the Company with the Stock Exchanges.

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

I 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 provisions of the Act – Not applicable during the audit period.

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 Board Meetings 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.

I further report that, based on review of compliance mechanism established by the Company and on the basis of compliance certificates issued by the Company Executives and taken on record by the Board of Directors and Audit Committee at their meetings and stated in the Directors Report, 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.

I further report that, during the audit period, there have been the following specific events in the company-

1. Pursuant to the Scheme of Arrangement sanctioned by the National Company Law Tribunal, Chennai and Kolkata Benches, which came into force on 24th May, 2019, one major shareholder of the company was amalgamated with another major shareholder, viz. Bengal & Assam Company Limited, which, consequently, became company's Holding Company.
2. Company appointed a WTD designated as CEO and Director.

This report is to be read alongwith the following-

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I 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. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. The prevailing circumstances in the country on account of Lockdown and COVID 19 have impacted, to some extent, my verification of documents and records of the company.

Place: New Delhi
Date: 11th May, 2020
UDIN: F000234B000225481

Namo Narain Agarwal
Secretarial Auditor
FCS No. 234, CP No. 3331



ANNEXURE-4

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo in terms of Section 134(3)(m) of the Companies Act, 2013, read with Companies (Accounts) Rules, 2014.

A) CONSERVATION OF ENERGY:-

- I. These steps taken on conservation / alternate source of energy:
 - a. Installed Synchronizing system with Turbine and Grid to improve the turbine loading and reduction of venting steam and commissioning is under progress.
 - b. Modified the existing Fuel feeding system of boiler to optimize the utilize of low value fuel that has led to reduction in the cost of power and steam despite the fuel inflation.

B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:-

Following projects have been initiated, completed and in partly completed during Financial Year 2019-20:-

- a. Installed and commissioned High speed packing m/c to reduce the packing losses and manpower.
- b. Installed the higher capacity homogeniser to increase the productivity of Cow milk.

C) RESEARCH & DEVELOPMENT

The Company is actively investing on Developing New Products based on consumer needs:

New products being developed on the basis of customer feedback that will be launched in the test market during 2019-20 :

- High Yield SMP
- Milk Star – Veg Fat, Dairy Creamer.
- 8% Fat Top Dairy Creamer.
- Low Fat Dairy Creamer (3g) : IRTC & Vistara
- Consumer Pack : Cooking & Table Butter

D) FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings Nil

Foreign Exchange Outgo Nil


ANNEXURE-5
Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the FY 2019-20 ended 31st March 2020:

A. The ratio of the remuneration of each director to the median remuneration of the employees of the Company

Sl. No.	Directors	Ratio to median Remuneration
1.	Smt. Sharda Devi Singhania	1.89
2.	Shri R.C. Periwal	1.58
3.	Shri A.S. Mehta (appointed w.e.f. 24.7.2019)	0.81
4.	Shri R.C. Jain	1.13
5.	Shri D.B. Doda	1.11
6.	Shri Manish Bandlish, CEO & Director (appointed as Director w.e.f. 24.7.2019)	34.61

- B. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary - Smt. Sharda Devi Singhania, 7.14%; Sh. R. C. Periwal, 6.38%; Sh A.S. Mehta, Not applicable since became a Director during the Financial Year 2019-20 (w.e.f 24th July 2019); Sh. R. C. Jain, No increase; Sh. D. B. Doda, No increase; Sh. Manish Bandlish, Chief Executive Officer & Director, Not Applicable since was CEO for only part of the financial year 2018-19 (w.e.f. 11th June 2018) and became a Director during the Financial Year 2019-20 (w.e.f. 24th July 2019) ; Sh. L.R. Nayak, Chief Financial Officer, Not Applicable (Ceased w.e.f. 31st December 2019); Sh. Puneet Garg, Chief Financial Officer, Not Applicable (Appointed w.e.f. 3rd February 2020) and Sh. Pankaj Kamra, Company Secretary, 9.49%. The Remuneration paid to Directors and KMP is available at para VI of Form MGT-9 annexed to this report.
- C. The percentage increase in the median remuneration of employees: 10.51%
- D. The number of permanent employees on the rolls of Company as on 31st March 2020: 284
- E. Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2019-20 was 9.5% and whereas the increase in the managerial remuneration for the same financial year: Not Applicable.
- F. We affirm that the remuneration paid during the financial year 2019-20 is as per the Remuneration Policy for Directors, Key Managerial Personnel and Senior Management of the Company.

Place: New Delhi
Date: 13th May 2020

Manish Bandlish
(Chief Executive Officer & Director)

R. C. Periwal
(Director)



CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Governance: Corporate Governance is an integral part of values, ethics and the best business practices followed by the Company. The core values of the Company are :-

- Commitment to excellence and customer satisfaction
- Maximizing long term shareholders' value
- Socially valued enterprise and
- Caring for people and environment.

In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long-term shareholders' value and remaining committed to high standards of business ethics. The Company has in place a Code of Corporate Ethics and Conduct reiterating its commitment to maintain the highest standards in its interface with stakeholders and clearly laying down the core values and corporate ethics to be practised by its entire management cadre.

2.1 Board of Directors

The Board of Directors presently consists of Six Directors of which, one is Executive Director and five are Non-Executive Directors. Out of five Non-Executive Directors, three are Independent Directors. Details are as given hereunder:

S. No. [^]	Name of the Director	Category	No. of Board Meetings attended during 2019-20	Whether attended last A.G.M. (19.09.2019)	No. of other Directorships and Committee Memberships/Chairmanships held in other Companies		
					Other Directorships*	Other Committee Memberships**	Other Committee Chairmanships**
1.	Smt. Sharda Devi Singhania	Non-Executive Non-Independent	4	No	-	-	-
2.	Shri R.C. Periwal#	Independent	5	Yes	1	1	-
3.	Shri A.S. Mehta# (w.e.f. 24.7.2019)	Independent	3	No	5	6	1
4.	Shri R.C. Jain#	Independent	5	Yes	-	-	-
5.	Shri D. B. Doda	Non- Executive Non-Independent	5	Yes	-	-	-
6.	Shri Manish Bandlish Chief Executive Officer (CEO) & Director (w.e.f. 24.7.2019)	Executive	3	Yes	-	-	-

The appointment of Independent Directors is in accordance with the provisions of the Companies Act, 2013 (the Act) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and in the opinion of the Board they fulfill the conditions specified in the Listing Regulations and are independent of the management of the Company.

*excluding Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act. Independent Directorships held by the Directors are in accordance with the Listing Regulations.

** only covers Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

[^] DIN of the above named Directors in seriatim: 1. DIN: 01685496, 2. DIN: 00168904, 3. DIN: 00030694, 4. DIN: 00165590, 5. DIN: 00165518 and 6. DIN: 07656983.

At present the Directors of the Company have not elected any permanent Chairman but the Directors present at each



meeting elect one of the Non-Executive Directors then present to be the Chairman of the meeting. However, the Company complies with requirement of Regulation 17 of the Listing Regulations, as three out of six Directors are Independent Directors.

2.2 Name of the Listed Entities where Director is a Director, other than Umang Dairies Limited:

Smt. Sharda Devi Singhania, Shri R.C. Periwal, Shri R.C. Jain, Shri D.B. Doda, Directors and Shri Manish Bandlish, CEO & Director do not hold directorships in any listed entity, other than Umang Dairies Limited and Shri A.S. Mehta holds directorship in two listed entities, namely, JK Agri Genetics Limited and JK Paper Limited.

Date & Number of Board Meetings held

Five Board Meetings were held during the year 2019-20 i.e. on 13th May 2019, 24th July 2019, 21st October 2019, 2nd January 2020 and 3rd February 2020.

The Board periodically reviews Compliance Reports of all laws applicable to the Company and has put in place procedure to review steps to be taken by the Company to rectify instances of non-compliances, if any.

The Company already has a Code of Conduct in position for Management Cadre Staff (including Executive Director). In terms of provisions of Regulation 17(5) of the Listing Regulations and contemporary practices of good corporate governance, the Board has laid down a code of conduct for all Board Members and Senior Management of the Company and the same is available on the website of the Company (www.umangdairies.com). All the Board Members and Senior Management Personnel have affirmed compliance with the said code. This report contains a declaration to this effect signed by CEO & Director. The Board is also satisfied that plans are in place for orderly succession for appointments to the Board and to Senior Management.

Relationship between Directors inter-se: None of the Directors are related to each other.

3. Separate Meeting of the Independent Directors

In accordance with the provisions of Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 3rd February 2020. Shri A.S. Mehta was unanimously elected as Chairman of the meeting and all the Independent Directors of the Company were present at the said Meeting.

4. Familiarisation Programme for Independent Directors

In accordance with the provisions of Regulation 25(7) of the Listing Regulations, the Company has been conducting various familiarisation programmes for Independent Directors. The details of such familiarisation programmes for Independent Directors have been disclosed on the website of the Company, the web link for which is: <https://www.umangdairies.com/pdf/Familiarisation%20Programme%20of%20INDs.pdf>.

5. Board Skills, Expertise or Competence

The Board of Directors collectively possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales & marketing, operations, corporate governance, education, community service and other disciplines as required in the context of the Company's operations.

The core skills, experience and knowledge of individual Directors are: (a) Smt. Sharda Devi Singhania - Education community service and corporate governance; (b) Shri R. C. Periwal – marketing and corporate governance; (c) Shri A. S. Mehta - professional having operational, marketing, financial and industry experience; (d) Shri R.C. Jain – finance; (e) Shri D. B. Doda - sales & marketing and operations; and (f) Shri Manish Bandlish - management, sales & marketing and operations.

6. Performance Evaluation

As required, the Nomination and Remuneration Committee of Directors specified the manner for effective evaluation of performance of the Board, its Committees and individual Directors (including Independent Directors) in accordance with the provisions of the Act and the Listing Regulations.

Accordingly, the Board of Directors has made formal annual evaluation of its own performance and that of its Committees and Individual Directors (including Independent Directors) in accordance with the manner specified by the Nomination and Remuneration Committee of Directors.

Performance of the Board was evaluated after seeking inputs from all the Directors on the basis of the criteria such as adequacy of its composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as composition of committees, terms of reference of committees, effectiveness of the committee meetings, participation of the members of the committees in the meetings, etc.



The Board also carried out evaluation of the performance of individual Directors (including Independent Directors) on the basis of criteria such as attendance and effective participation and contributions at the meetings of the Board and its Committees, exercise of his/her duties with due & reasonable care, skill and diligence, etc.

In a separate meeting of the Independent Directors of the Company, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman of the meetings of the Board of the Company was evaluated, taking into account the views of the Executive Director and Non-Executive Directors of the Company. The Chairman of the Meeting of the Independent Directors apprised the Board about the evaluation carried by it and that the Independent Directors were satisfied in this regard.

7. Audit Committee: The Composition and the 'Terms of Reference' of the Committee are in conformity with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations.

Five meetings of the Committee were held during the year 2019-20.

The Composition of the Committee and attendance of the Members at the Meetings are as follows:

Name	Position	Category	No. of Meetings attended
Shri A.S. Mehta*	Member	Independent Director	3
Shri R. C. Jain	Member	Independent Director	5
Shri R. C. Periwal	Member	Independent Director	5
Shri D.B. Doda**	Member	Non-Executive Non-Independent Director	2

*Shri A.S. Mehta became a member of the Committee w.e.f. 24th July 2019.

**Shri D.B. Doda ceased to be the member of the Committee w.e.f. 24th July 2019.

The Audit Committee does not have a permanent Chairman. The members of the Audit Committee present at each meeting elect one of the Independent Directors to be the Chairman of the meeting.

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of Members attended
13th May 2019	3
24th July 2019	3
21st October 2019	3
2nd January 2020	3
3rd February 2020	3

The Committee Meetings were attended by the CEO & Director, Internal Auditor, Company Secretary and the representative of Statutory Auditor. The Head of Finance Function also regularly attends the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

8.1 Nomination and Remuneration Committee:

The Composition and the "Terms of Reference" of the Committee are in conformity with the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations.

Four meetings of the Committee were held during the year 2019-20.

The Composition of the Committee and attendance of the Members at the Meetings are as follows:

Name	Position	Category	No. of Meetings attended
Shri A.S. Mehta *	Member	Independent Director	2
Shri R. C. Jain	Member	Independent Director	4
Shri R. C. Periwal	Member	Independent Director	4
Shri D.B. Doda **	Member	Non-Executive Non-Independent Director	2

*Shri A.S. Mehta became a member of the Committee w.e.f. 24th July 2019.

**Shri D.B. Doda ceased to be the member of the Committee w.e.f. 24th July 2019.

The Nomination and Remuneration Committee does not have a permanent Chairman. The members of the Nomination and Remuneration Committee present at each meeting elect one of the Independent Directors to be the Chairman of the meeting.



Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of Members attended
13th May 2019	3
24th July 2019	3
2nd January 2020	3
3rd February 2020	3

8.2 Nomination and Remuneration Policy: In accordance with the provisions of the Act and the Listing Regulations, the Company has put in place the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management of the Company including criteria for determining qualifications, positive attributes, independence of a Director as well as a policy on Board Diversity. The said policy is available at the website of the Company and the weblink for the same is <https://www.umangdairies.com/images/Nomination-and-Remuneration-Policy-2020.pdf>. The said policy provides as follows:

- (i) The Nomination and Remuneration Committee of Directors (the Committee) shall take into consideration the following criteria for recommending to the Board for appointment of a Director of the Company: (a) Qualifications & Experience. (b) Positive attributes like respect for Company's core values, professional integrity, strategic capability with business vision, etc. (c) In case the proposed appointee is an Independent Director, he should fulfill the criteria for appointment as an Independent Director as per the Act, Listing Regulations and other applicable laws & regulations. (d) The incumbent should not be disqualified for appointment as Director pursuant to the provisions of the Act or other applicable laws & regulations.
- (ii) The Committee will recommend to the Board appropriate compensation to Executive Directors subject to the provisions of the Act, Listing Regulations and other applicable laws & regulations. The Committee shall periodically review the compensation of such Directors in relation to other comparable Companies and other factors, the Committee deems appropriate. Proposed changes, if any, in the compensation of such Directors shall be reviewed by

the Committee subject to approval of the Board.

- (iii) The Board will review on an annual basis, the performance of the Board of Directors, its Committees and individual Directors as per the manner of performance evaluation specified by the Committee from time to time.
- (iv) The Committee will review from time to time Board diversity to bring in professional performance in different areas of operations, transparency, corporate governance, financial management, risk assessment & mitigation strategy and human resource management in the Company. The Company will keep succession planning and board diversity in mind in recommending any new name of Director for appointment to the Board.
- (v) The eligibility criteria for appointment of Key Managerial Personnel (KMPs) and other senior management personnel shall vary for different positions depending upon the job description of the relevant position. In particular, the position of KMPs shall be filled by Senior Personnel having relevant qualifications and experience. The Compensation structure for KMPs and other senior management personnel shall be as per Company's remuneration structure taking into account factors such as level of experience, qualification and suitability which shall be reasonable and sufficient to attract, retain and motivate them. The remuneration would be linked to appropriate performance benchmarks. The remuneration may consist of fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

8.3 Remuneration Paid to the Directors

A. Executive Director

The aggregate value of salary, perquisites and contribution to Provident Fund and National Pension Scheme for the financial year ended 31st March, 2020 to Shri Manish Bandlish, CEO & Director of the Company is Rs. 1.05 crore as applicable for the period from 24th July 2019 to 31st March 2020. The Company does not have any Stock Option Scheme. Severance fee for the CEO & Director is 6 months' salary in lieu of notice period.



The Company has paid sitting fees aggregating to Rs. 15.12 lacs to all Non-Executive Directors for attending the meetings of the Board and/or Committees of Directors (including sitting fee for a separate meeting of Independent Directors), during the financial year 2019-20. In addition to sitting fees, commission of Rs. 4.50 lacs is payable to Smt. Sharda Devi Singhania and Rs.0.40 lacs each to Shri R.C. Periwal, Shri R.C. Jain and Shri D.B. Doda and Rs. 0.28 lacs to Shri A.S. Mehta in accordance with the Special Resolution passed by the Members of the Company at the Annual General Meeting held on 19th September 2019. Number of Equity Shares of Rs. 5/- each of the Company held by the Non-Executive Directors: Shri D.B. Doda (50 Equity Shares) and Shri R.C. Jain (100 Equity Shares).

The Non-Executive Directors did not have any other material pecuniary relationship or transaction vis-a-vis the Company during the year.

9. Stakeholders' Relationship Committee

The Composition and the "Terms of Reference" of the Committee are in conformity with the provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations.

Four meetings of the Committee were held during the year 2019-20.

The Composition of the Committee and attendance of the Members at the Meetings are as follows:

Name	Position	Category	No. of Meetings attended
Shri R. C. Periwal	Chairman	Independent Director	4
Shri R. C. Jain	Member	Independent Director	4
Shri Manish Bandlish*	Member	Executive Director	2
Shri D.B. Doda**	Member	Non-Executive Non-Independent Director	2

*Shri Manish Bandlish became a member of the Committee w.e.f. 24th July 2019.

**Shri D.B. Doda ceased to be the member of the Committee w.e.f. 24th July 2019.

Dates of the meetings and the number of the Members attended are:

Dates of meetings	No. of Members attended
13th May 2019	3
24th July 2019	3
21st October 2019	3
3rd February 2020	3

Shri Pankaj Kamra, Company Secretary, is the Compliance Officer.

Four investor complaints were received during the financial year ended 31st March 2020, all of which were promptly resolved to the satisfaction of the investor concerned.

The Board had delegated the power of physical share transfer/transmission/ transposition to the Share Transfer Committee of Directors, which are regularly attended and all valid requests are processed in time. However, pursuant to SEBI Notification dt. 30th November 2018 read with Regulation 40 of the Listing Regulations, requests for effecting physical transfer of shares are now not being processed.

During the year 2019-20, 10 meetings of the said Share Transfer Committee of Directors were held.

10. General Body Meetings

(A) Location and time for last three Annual General Meetings were:

Year	Location	Date	Time
2016-2017	Gajraula Hasanpur Road Gajraula - 244235 Distt. Amroha, Uttar Pradesh	27.09.2017	11.30 A.M.
2017-2018	Same as above	19.09.2018	11.30 A.M.
2018-2019	Same as above	19.09.2019	11.30 A.M.

(B) Special Resolutions passed in previous 3 Annual General Meetings:

(a) At the last Annual General Meeting of the Company held on 19th September 2019, following Special Resolutions were passed:

- Reappointment of Shri R.C. Periwal (DIN:00168904) as an Independent Director of the Company for a second term for three consecutive years.
- Appointment of Shri Manish Bandlish as Chief Executive Officer & Director of the Company



w.e.f. 24th July 2019 till 23rd July 2022 and payment of remuneration.

- (iii) Continuation of Shri Desh Bandhu Doda (DIN: 00165518) as a Non-Executive Director of the Company.
- (iv) Authority for payment of remuneration to Non-Executive Directors including Independent Directors.
- (v) Approval of payment of annual remuneration for FY ended March 2019 to Smt. Sharda Devi Singhania, Non Executive Director of the Company.
- (b) At the Annual General Meeting of the Company held on 19th September 2018, Special Resolutions were passed for continuation of Smt. Sharda Devi Singhania (DIN: 01685496) as a Non-Executive Director of the Company, and Shri R.C. Periwal (DIN: 00168904) as a Non-Executive Independent Director of the Company.
- (c) At the Annual General Meeting of the Company held on 27th September 2017, following Special Resolutions were passed:
 - (i) to authorize the Board of Directors including a Committee thereof to borrow money upto an amount not exceeding Rs. 100 crores.
 - (ii) to authorize the Board of Directors including a Committee thereof to create mortgage/charge on the properties of the Company in favour of the lenders to secure the borrowings upto an amount not exceeding Rs. 100 crores.
- (C) During the financial year ended 31st March 2020, Special Resolution for continuation of Shri R.C. Jain (DIN: 00165590) as a Non-Executive Independent Director of the Company upto the conclusion of the Annual General Meeting of the Company to be held in the year 2021, was passed through Postal Ballot.

The Company extended e-voting facility through Central Depository Services (India) Limited (CDSL), as an alternate for its Members to enable them to cast their vote electronically instead of physical postal ballot forms. Shri Namo Narain Agarwal, Company Secretary in practice was appointed as Scrutinizer for conducting the postal ballot/e-voting process. After receiving the Scrutinizer's Report, it was announced that the Resolution was passed with requisite majority on 6th March 2020.

The voting pattern on the said resolution is as under:

- % of votes cast in favour of the Resolution: 100%
- % of votes cast against the Resolution: 0%

- (D) No immediate proposal is there for passing any resolution through postal ballot.

11. DISCLOSURES:

- (i) **Related Party Transactions:** Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large: None

All the Related Party Transactions are dealt with in accordance with the provisions of the Act and Regulation 23 of the Listing Regulations.

The Company has also formulated a policy on dealing with Related Party Transactions and also on the materiality of Related Party Transactions. This Policy is available on the website of the Company and the weblink for the same is <http://www.umangdairies.com/images/Related-Party-Transaction-Policy-2020.pdf>.

Suitable disclosure as required by Indian Accounting Standard (Ind As)-24 on Related Party transactions has been made in the Annual Report.

- (ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: None
- (iii) **Vigil Mechanism/Whistle Blower Policy:** The Board of Directors of the Company at its meeting held on 7th August 2014 has formulated a Vigil Mechanism/ the Whistle Blower Policy for the Directors and Employees of the Company to report their genuine concerns or grievances relating to actual or suspected fraud, unethical behaviour, violation of the Company's Code of Conduct or Ethics Policy, and any other event which would adversely affect the interests of the business of the Company. Whistle Blowers may send their concerns/complaints to the Chairman of Audit Committee in a sealed envelope marked confidential, for appropriate action.

The details of establishment of such mechanism have been also disclosed on the website of the Company. It is affirmed that no personnel has been denied access to the Audit Committee.



(iv) **Prevention of Sexual Harassment of Women at Workplace:** The Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment, has set up a Internal Complaints Committee at its work place(s) to redress the complaints of women employees and requisite disclosures in relation thereto are as under:

- number of complaints filed during the financial year: Nil
- number of complaints disposed of during the financial year: Nil
- number of complaints pending as on end of the financial year: Nil

(v) **Risk Management:** The Company has an elaborate Risk Management System to inform Board Members about risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure the executive management controls risk through means of a properly defined framework.

(vi) **Disclosure of commodity price risks and commodity hedging activities:** The Company is not subject to commodity price risk and therefore, was not required to undertake any commodity hedging activities in this regard.

(vii) **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the Listing Regulations:** During the financial year ended 31st March 2020, the Company has not raised any funds through preferential allotment or through Qualified Institutions Placement.

(viii) A certificate has been issued by Shri Namo Narain Agarwal, Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

(ix) There were no instances where the Board had not accepted any recommendation of any Committees of the Board which is mandatorily required during the financial year ended 31st March 2020.

(x) During the Financial Year ended 31st March 2020, the Company has paid total fees for various services including statutory audit, amounting to Rs. 6.58 lacs, to the Statutory Auditor, namely, M/s Singhi & Co., Chartered Accountants. Further, no fees was paid by the Company to any entity in the network firm/network entity of which the Statutory Auditor is a part.

(xi) **Subsidiary Companies:** During the year, the Company did not have any Subsidiary Company.

The Company has formulated a policy for determining material subsidiary as required under Regulation 16 of the Listing Regulations and the same is disclosed on the Company's Website. The web link for the same is <https://www.umangdairies.com/images/Policy-for-Determining-Material-Subsidiary-2020.pdf>

During the year, the Company did not have any material unlisted subsidiary as defined in Regulation 16 of the Listing Regulations.

(xii) **Corporate Social Responsibility Committee:** The Composition and Role of the Committee are in conformity with the provisions of Section 135 of the Act.

Two Meetings of the Committee were held during the year 2019-2020 i.e., on 13th May 2019 and 3rd February 2020.

The Composition of the Committee and attendance of the Members at the Meetings are as follows:

The names of the Members of the Committee and their attendance at the Meetings are as follows:

Name	Position	Category	No. of Meetings attended
Shri R. C. Periwai	Chairman	Independent Director	2
Shri R. C. Jain	Member	Independent Director	2
Shri Manish Bandlish*	Member	Executive Director	1
Shri D.B. Doda**	Member	Non-Executive Non-Independent Director	1

*Shri Manish Bandlish became a member of the Committee w.e.f. 24th July 2019.



**Shri D.B. Doda ceased to be the member of the Committee w.e.f. 24th July 2019.

Bandra-Kurla Complex,
Bandra (East)
Mumbai-400 051

12. **Means of Communication:** Quarterly, half yearly and annual financial results are normally published in the Business Standard newspaper (in all editions including Hindi translation) and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the website of the Company **www.umangdairies.com**. Management Discussion & Analysis forms part of the Annual Report.

Presentations made to the institutional investors or to the analysts, if any, are promptly displayed on the website of the Company.

13. General Shareholders' Information:

(i) Annual General Meeting (AGM):

- (a) Date and Time : Wednesday,
16th September 2020
at 11.30 A.M.
Venue : Gajraula Hasanpur
Road, Gajraula-244 235
Distt. Amroha, Uttar Pradesh

- (b) A brief resume and other particulars of Director(s) seeking re-appointment at the aforesaid AGM are given in the Notes to the Notice convening the said Meeting.

- (ii) **Book Closure** : 10th September 2020 to
16th September 2020
(both days inclusive)

- (iii) **Dividend**
Payment Date : Within three weeks of the AGM

- (iv) **Financial**
Calendar : Year Ending March 31

Annual General Meeting for the year ending March 31, 2021
Between June and September 2021

- (v) **Name and address of Stock Exchanges (including Stock Code) where equity shares of the Company are listed:** The Equity Shares of the Company are listed on the following Stock Exchanges :

BSE Limited (Stock Code-500231)	National Stock Exchange of India Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street	(Stock Code- UMANGDAIRY)
Mumbai – 400 001	"Exchange Plaza"

The annual listing fee for the financial year 2020-2021 has been paid to both the aforesaid Stock Exchanges.

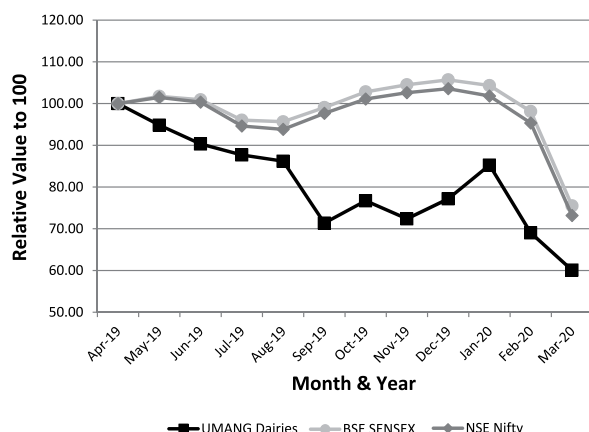
(vi) Stock Market Price Data :

Month	Stock Market Price on BSE Limited (BSE)		Stock Market Price on National Stock Exchange of India Ltd. (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2019				
April	63.80	52.60	60.95	52.15
May	55.00	46.10	55.00	45.35
June	51.95	45.00	51.60	44.50
July	52.00	45.00	51.85	44.15
August	48.00	40.50	50.00	40.25
September	47.20	37.00	48.45	37.05
October	42.35	33.00	42.10	32.30
November	46.80	37.00	45.45	37.00
December	41.90	32.10	41.95	32.00
2020				
January	52.50	41.10	54.80	39.80
February	54.05	35.65	52.85	35.30
March	38.20	27.40	38.50	27.55

(Source : www.bseindia.com) (Source: www.nseindia.com)



(vii) Umang Dairies Ltd.'s Share Performance vs. BSE Sensex and NSE Nifty (April 2019 to March 2020)



(viii) Dematerialisation of shares and liquidity: The Equity Shares of the Company are presently tradable in compulsory demat segment. The ISIN for Equity Shares of the Company for both the depositories is INE864B01027. As on 31st March 2020, 94.24% of the Company's Equity Share Capital was in dematerialised form.

In respect of Shares held in dematerialised form, all the requests for nomination, change of address and rematerialisation etc. are to be made only to the Depository Participant with whom the Shareholders have opened their Demat Account. The Company will not be in a position to process such requests.

(ix) Share Transfer System: The transmission of shares in physical form is normally processed and completed within 21 days after receipt of the specified documents. In case of shares held in dematerialized form, the transfers/transmissions are processed by National Securities Depository Limited / Central Depository Services (India) Limited through the respective Depository Participants. Pursuant to SEBI notification dt. 30th November 2018 read with Regulation 40 of Listing Regulations, except in case of transmission or transposition of securities, requests for effecting transfer of shares shall not be processed unless the shares are held in the dematerialized form with a depository.

(x) (a) Distribution Equity of shareholding (both in physical and electronic form) as on 31st March, 2020:

Number of Equity Shares held	Shareholders		Shares Held	
	Number	%	Number	%
1 to 500	19,197	94.44	23,10,732	10.50
501 to 1,000	604	2.97	5,00,092	2.27
1,001 to 5,000	449	2.21	9,70,577	4.41
5,001 to 10,000	53	0.26	3,87,032	1.76
Over 10,000	24	0.12	1,78,34,767	81.06
Total	20,327	100.00	2,20,03,200	100.00

(b) Pattern of Equity Shareholding (both in physical and electronic form) as on 31st March, 2020:

Category	No. of Equity Shares held	Percentage of Shareholding
Domestic Companies	1,74,20,193	79.17
Resident Individuals & Trusts	44,38,683	20.17
FIs, Mutual Funds, Banks/NBFCs	45,575	0.21
Foreign Investors/ FIIs/ NRIs	98,749	0.45
Total	2,20,03,200	100

(xi) Outstanding GDRs / ADRs / Warrants or any other Convertible Instrument, conversion date and likely impact on equity:

There are no outstanding GDRs/ ADRs/ Warrants or any other Convertible Instruments. As such, there will be no impact on the equity.

(xii) Commodity price risk or foreign exchange risk and hedging activities:

The Company is not subject to commodity price risk or foreign exchange risk and therefore, was not required to undertake any hedging activities in this regard.

(xiii) Plant location:

Umang Dairies Limited
Gajraula Hasanpur Road, Gajraula – 244 235
Distt. Amroha, Uttar Pradesh.

(xiv) Address for Correspondence for Share Transfer and related matters:

1. Registrar & Share Transfer Agent:

MAS Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area, Phase – II
New Delhi – 110 020, Ph. 011-26387281/82/83
E-mail: info@masserv.com
Website: www.masserv.com



2. Company Secretary

Umang Dairies Limited
Gulab Bhawan (Rear Block – 3rd Floor)
6A, Bahadur Shah Zafar Marg
New Delhi – 110 002
Ph. 011- 30179776
Fax No. 011- 23739475
E-mail: csudl@jkm.com
Website: www.umangdairies.com

(xv) List of all credit ratings obtained by the Company along with any revisions thereto during the financial year ended 31st March 2020:

During the year under review, CRISIL Limited has revised the Credit Rating in respect of Company's Long Term and Short Term Bank Facilities at CRISIL BBB. The Outlook on the long term rating is Stable.

(xvi) This Corporate Governance Report of the Company for the financial year ended 31st March 2020 is in compliance with the requirements of Corporate Governance under the Listing Regulations, as applicable.

(xvii) Adoption of discretionary requirements specified in Part E of Schedule II of the Listing Regulations- (a) Shareholder Rights: Half-yearly and other quarterly financial statements are published in newspapers and uploaded on Company's website www.umangdairies.com. At present, the half yearly financial performance and the summary of the significant events in last six months are not sent to each household of shareholders; (b) Modified opinion(s) in audit report: The financial statements of the Company for the financial year ended 31st March 2020 are with unmodified audit opinion; (c) Separate posts of Chairperson and CEO: At present, the Directors of the Company have not elected any permanent Chairman but the Directors present at each meeting elect

one of the Non-Executive Directors then present to be the Chairman of the meeting and Sh. Manish Bandlish is the CEO & Director of the Company; and (d) Reporting of Internal Auditor: Internal Auditor of the Company reports to the Audit Committee and Internal Audit Reports are placed before the Audit Committee.

(xviii) The Company has complied with all the applicable requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

(xix) Disclosure with respect to demat suspense account/unclaimed suspense account

The Company does not have any share lying with respect to demat suspense account/unclaimed suspense account.

14. Declaration:

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of Umang Dairies Limited" during the Financial Year ended 31st March 2020.

Manish Bandlish
Chief Executive Officer & Director

15. Code for Prevention of Insider Trading:

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, the Board of Directors of the Company has adopted (i) the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in terms of the said Regulations.



INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members of Umang Dairies Ltd.
Hasanpur Road, Gajraula, Distt. Amroha
Gajraula-244235

1. The Corporate Governance Report prepared by Umang Dairies Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2020. This certificate is required by the Company for annual submission to the Stock Exchanges and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The management along with the Board of Directors of the Company are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes (Revised) requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on the procedures performed by us and according to the information and explanations given to us, we are of the opinion that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 1 above.

Other Matters and Restriction on Use

8. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
9. This report is addressed to and provided to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Place: Noida (Delhi- NCR)
Date: May 13, 2020

For Singhi & Co.
Chartered Accountants
Firm Registration Number: 302049E
Bimal Kumar Sipani
Partner
Membership Number 088926
UDIN: 20088926AAAADT1690



INDEPENDENT AUDITOR'S REPORT

To the Members of Umang Dairies Limited Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Umang Dairies Limited ("the Company"), which comprise the balance sheet as at March 31 2020, the statement of profit and loss, including the statement of other comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the financial statements in accordance

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<u>A. Valuation of inventories</u>	
We refer to note 1 and 7 to the financial statements. As at March 31, 2020, the total carrying value of inventories was Rs. 3146.66 lakhs. The assessment of impairment of inventories involves significant estimation uncertainty, subjective assumptions and the application of significant judgment. Reviews are made periodically by management on inventories for obsolescence and decline in net realizable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving history. Key factors considered include the nature of the stock, its ageing, shelf life and turnover rate.	We have checked and analyzed the ageing of the inventories, reviewed the historical trend on whether there were significant inventories written off or reversal of the allowances for inventory obsolescence. We conducted a detailed discussion with the management and considered their views on the adequacy of allowances for inventory obsolescence considering the current economic environment. We have also reviewed the subsequent selling prices in the ordinary course of business and compared against the carrying amounts of the inventories on a sample basis at the reporting date. We found management's assessment of the allowance for inventory obsolescence and valuation of inventories to be reasonable based on available evidence.



Key audit matters	How our audit addressed the key audit matter
B. Evaluation of uncertain tax positions	
Refer Notes 33 to the financial statements. The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. There are several pending sales tax, income tax and other demands against the Company across various jurisdictions. Accordingly, management exercises its judgement in estimation of provision required in respect of such cases. The evaluation of management's judgements, including those that involve estimations in assessing the likelihood that a pending claim will succeed, or a liability will arise, and the quantification of the ranges of potential financial settlement have been a matter of most significance during the current year audit. Accordingly, due to complexity/ judgement involved in outcome of these dispute. Uncertain tax positions were determined to be a key audit matter in our audit of the financial statements.	We have obtained details of complete tax assessments and demands raised till March 31, 2020 from management. We considered management's assessment of the validity and adequacy of provisions for uncertain tax positions, evaluating the basis of assessment and reviewing relevant correspondence and legal advice where available including any information regarding similar cases with the relevant tax authorities. We have discussed the management's assumptions in estimating the tax provision and the possible outcome of the disputes. In respect of various tax demands and liabilities, we assessed the appropriateness of management's assumptions, estimates and disclosure / adjustments in the financial statements.

Other Information

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Responsibilities of management for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company



or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.



2. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance Sheet, the statement of profit and loss including the statement of other comprehensive income, statement of changes in equity and the cash flow statement 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197(16) read with Schedule V to the Act;
 - (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, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner

Date: May 13, 2020
Place: Noida (Delhi – NCR)

Membership No. 088926
UDIN:20088926AAAADR1221



Annexure-A

Annexure A referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: Umang Dairies Limited)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant & equipment except in case of certain assets where the same is in process of updation.
- b. The property, plant and equipment except lying with third parties have been physically verified by the management according to a phased programme designed to cover all the items over a period of 2 to 3 years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, property, plant and equipments were physically verified by the management by engaging outside expert during the year and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties included in property, plant and equipment [note 2 to the financial statements] are held in the name of the Company.
- (ii) The management has conducted physical verification of inventories, except inventories lying with third parties, during the year at reasonable interval. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
- (iii) The Company has not granted any loan to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) of the Order are not applicable.
- (iv) The Company has no transaction with respect to

loan, investment, guarantee and security covered under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of clause 3(iv) of the Order are not applicable.

- (v) The Company has not accepted deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Therefore, 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 section 148(1) of the Act in respect of the Company's products to which the said rules are applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (vii) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues where applicable, with the appropriate authorities. There was no undisputed outstanding statutory dues as at the yearend for a period of more than six months from the date they became payable except Mandi Tax of Rs. 6.23 Lakhs.
- b. According to the records of the Company, there are no dues outstanding of income tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax and value added tax on account of any dispute, other than the following:

Name of Statute	Nature of disputed dues	Amount * (Rs. in Lakhs)	Period to which it relates	Forum where dispute is pending
Sales-tax, Punjab	Sales Tax Demand/ Penalty/ Interest	1.78	1994-95 and 1998-2000	Sales tax Tribunal, Punjab
Sales-tax, Rajasthan	Sales Tax Demand/ Penalty/ Interest	40.65	1995 to 2007	Sales tax Tribunal, Rajasthan
		3.00	1995-96	High Court, Rajasthan
Value Added Tax, Uttar Pradesh	Reversal of Input tax Credit	3.76	2010-11	High Court, Allahabad
	Reversal of Input tax Credit	4.17	2014-15	Sales tax Tribunal, Moradabad
	Non-Acceptance of Form 'F' & Enhancement of Turnover	275.92	2013-14 to 2015-16	

* net of deposited



- (viii) The Company has not defaulted in repayment of dues to banks and financial institution. The Company did not have any borrowing from Government and dues to debenture holders.
- (ix) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Term loans raised during the year were applied for the purpose for which loans were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers and employees has been noticed or reported during the year.
- (xi) The managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us, transactions with the related parties as identified by the Company are in compliance with section 177 and 188 of the Act where applicable and details for the

same have been disclosed in the financial statements as required by the applicable Indian accounting standards.

- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner

Date: May 13, 2020
Place: Noida (Delhi – NCR) **Membership No. 088926**
UDIN:20088926AAAADR1221

**Report on the Internal Financial controls under Clause (i) of Sub - section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Umang Dairies Limited ('the Company') as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "guidance Note") and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to as audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements of and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial controls with reference to financial statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal; financial control with reference to financial statements 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 authorization of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial controls with reference to financial statements**

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, 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 however needs to be further strengthened.

For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E

Bimal Kumar Sipani
Partner

Date: May 13, 2020
Place: Noida (Delhi – NCR)

Membership No. 088926

UDIN:20088926AAAADR1221



Balance Sheet as at 31st March, 2020

(₹ Lakhs)

S. No.	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
A	ASSETS			
(1)	Non-current Assets			
	(a) Property, plant and equipment	2	7,836.41	7,400.49
	(b) Capital work-in-progress		73.14	349.61
	(c) Right of use assets	3	275.74	-
	(d) Other intangible assets	4	19.96	21.82
	(e) Financial assets			
	(i) Other financial assets	5	62.53	63.71
	(f) Other non-current assets	6	26.06	81.61
	Sub Total		8,293.84	7,917.24
(2)	Current Assets			
	(a) Inventories	7	6,622.55	3,146.66
	(b) Financial assets			
	(i) Trade receivables	8	855.26	1,119.25
	(ii) Cash and cash equivalents	9	420.45	33.17
	(iii) Other bank balances other than (ii) above	10	49.90	43.64
	(iv) Other financial assets	11	11.80	21.08
	(c) Current tax assets (Net)		116.15	406.16
	(d) Other current assets	12	202.54	162.26
	Sub Total		8,278.65	4,932.22
	TOTAL ASSETS		16,572.49	12,849.46
B	EQUITY AND LIABILITIES			
(1)	EQUITY			
	(a) Equity share capital	13	1,100.16	1,100.16
	(b) Other equity		4,800.29	4,633.24
	Sub Total		5,900.45	5,733.40
(2)	LIABILITIES			
(i)	Non-current Liabilities			
	(a) Financial liabilities			
	(i) Borrowings	14	619.93	500.03
	(ii) Other financial liabilities	15	11.00	11.00
	(iii) Lease liabilities		269.20	-
	(b) Provisions	16	222.56	207.33
	(c) Deferred tax liabilities (Net)	17	820.82	762.99
	(d) Other non-current liabilities	18	974.04	971.06
	Sub Total		2,917.55	2,452.41
(ii)	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	19	3,339.21	2,126.12
	(ii) Trade payables			
	Total outstanding dues of micro and small enterprises		-	-
	Total outstanding dues of creditors other than micro and small enterprises	20	2,589.15	1,028.20
	(iii) Lease liabilities		17.55	-
	(iv) Other financial liabilities	21	1,109.31	1,204.88
	(b) Other current liabilities	22	691.18	297.83
	(c) Provisions	23	8.09	6.62
	Sub Total		7,754.49	4,663.65
	TOTAL EQUITY AND LIABILITIES		16,572.49	12,849.46

Significant accounting policies and other notes on financial statements
The accompanying notes are an integral part of the financial statements.

1-45

As per our report of even date attached.

For **Singhi & Co.**

Chartered Accountants

Firm Reg No. 302049E

Bimal Kumar Sipani

Partner

M.No. 088926

Place: Noida (Delhi-NCR)

Date: May 13, 2020

Amar Singh Mehta
(Director)

Pankaj Kamra
(Company Secretary)

Place: New Delhi
Date: May 13, 2020

For and on behalf of the Board of Directors

Manish Bandlish
(Chief Executive Officer and Director)

Puneet Garg
(Chief Financial Officer)



Statement of Profit and Loss for the year ended 31st March, 2020

(₹ Lakhs except EPS)

S. No.	Particulars	Note No.	For the Year ended 31st March, 2020	For the year ended 31st March, 2019
I.	Revenue from operations	24	24,476.32	22,465.03
II.	Other income	25	100.09	111.95
III.	Total Income (I+II)		24,576.41	22,576.98
IV.	Expenses			
	Cost of materials consumed	26	18,871.25	13,583.30
	Change in inventories of finished goods and work-in-progress	27	(3,085.12)	314.24
	Employee benefits expense	28	2,301.28	2,293.90
	Finance costs	29	365.91	402.97
	Depreciation and amortization expense	30	429.52	358.98
	Other expenses	31	5,286.86	4,969.85
	Total Expenses (IV)		24,169.70	21,923.24
V.	Profit before tax (III-IV)		406.71	653.74
VI.	Tax Expense			
	(1) Current tax		72.33	120.00
	(2a) Deferred tax	17	69.92	48.36
	(2b) MAT credit entitlement	17	(18.53)	(19.23)
VII.	Profit for the year (V-VI)		282.99	504.61
VIII.	Other Comprehensive Income			
(A)	Items that will not be reclassified to profit or loss			
	Re-measurement gain / (loss) on defined benefit plans		23.13	2.95
	Tax on above		(6.43)	(0.82)
(B)	Items that will be reclassified to profit or loss		-	-
	Total Other Comprehensive Income		16.70	2.13
IX.	Total Comprehensive Income for the Year (VII+VIII)		299.69	506.74
X.	Earnings per equity share of ₹ 5 each			
	Basic and Diluted	32	1.29	2.29

Significant accounting policies and other notes on financial statements
The accompanying notes are an integral part of the financial statements.

1-45

As per our report of even date attached.

For **Singhi & Co.**

Chartered Accountants

Firm Reg No. 302049E

Bimal Kumar Sipani

Partner

M.No. 088926

Place: Noida (Delhi-NCR)

Date: May 13, 2020

Amar Singh Mehta

(Director)

Pankaj Kamra
(Company Secretary)

Place: New Delhi
Date: May 13, 2020

For and on behalf of the Board of Directors

Manish Bandlish

(Chief Executive Officer and Director)

Puneet Garg

(Chief Financial Officer)



Statement of Changes in Equity for the year ended 31st March, 2020

A Share Capital

(₹ Lakhs)

Particulars	As at 1st April, 2018	Changes in equity share capital during 2018-19	As at 31st March, 2019	Changes in equity share capital during 2019-20	As at 31st March, 2020
Equity Shares - 2,20,03,200 of ₹ 5 each fully paid up	1,100.16	-	1,100.16	-	1,100.16
Balance at the end of the year	1,100.16	-	1,100.16	-	1,100.16

B Other Equity

(₹ Lakhs)

Particulars	Capital Redemption Reserve	Retained Earnings			Total Other Equity
		General Reserve	Surplus in Statement of Profit & Loss	Remeasurement of defined benefit plans	
As at 1st April, 2018	359.00	550.00	3,284.21	(0.40)	4,192.81
Profit for the year	-	-	504.61	-	504.61
Other comprehensive income (Net of taxes)	-	-	-	2.13	2.13
Dividend paid including dividend distribution tax	-	-	(66.32)	-	(66.32)
Transfer to general reserve	-	50.00	(50.00)	-	-
As at 31st March, 2019	359.00	600.00	3,672.50	1.73	4,633.23
Profit for the year	-	-	282.99	-	282.99
Other comprehensive income (Net of taxes)	-	-	-	16.70	16.70
Dividend paid including dividend distribution tax	-	-	(132.63)	-	(132.63)
Transfer to general reserve	-	50.00	(50.00)	-	-
As at 31st March, 2020	359.00	650.00	3,772.86	18.43	4,800.29

Capital Redemption Reserve: It represents transfer from Retained Earnings on redemption of Preference Shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

General Reserve : The Company appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Companies Act, 2013.

Retained Earnings : Retained earnings includes fair value gain on property, plant & equipment and other adjustments on adoption of IND-AS as on April 1, 2016 and residual profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

As per our report of even date attached.

For **Singhi & Co.**

Chartered Accountants

Firm Reg No. 302049E

Bimal Kumar Sipani

Partner

M.No. 088926

Place: Noida (Delhi-NCR)

Date: May 13, 2020

Amar Singh Mehta

(Director)

Pankaj Kamra
(Company Secretary)

Place: New Delhi
Date: May 13, 2020

For and on behalf of the Board of Directors

Manish Bandlish

(Chief Executive Officer and Director)

Puneet Garg

(Chief Financial Officer)



Cash Flow Statement for the year ended 31st March, 2020

(₹ Lakhs)

S. No.	Particulars	For the Year ended 31st March, 2020	For the year ended 31st March, 2019
A.	Cash Flow from Operating Activities		
	Profit Before Tax	406.71	653.74
	Adjustments for :		
	Depreciation and amortization expense	429.52	358.98
	Interest income	(27.69)	(57.53)
	Provision for earlier years no longer required	(13.48)	-
	Allowances for credit losses	-	22.49
	Finance costs	365.91	402.97
	Net profit on sale of property, plant and equipment	(0.44)	(3.08)
	Operating Profit before working capital changes	1,160.53	1,377.57
	(Increase)/ Decrease in Inventories	(3,475.89)	571.40
	(Increase) / Decrease in Trade and other receivables	228.75	136.31
	Increase/ (Decrease) in Trade and other payables	2,158.61	626.84
	Cash Generated from Operations	72.00	2,712.12
	Net direct tax paid	217.69	(104.63)
	Net Cash Inflow / (Outflow) from Operating Activities	289.69	2,607.49
B.	Cash Flow from Investing Activities		
	Purchase of property, plant and equipment	(545.25)	(697.95)
	Proceeds from sale of property, plant and equipment	4.98	8.41
	Movement in fixed deposits	0.31	-
	Interest received	32.01	53.70
	Net Cash Inflow / (Outflow) from Investing Activities	(507.95)	(635.84)
C.	Cash Flow from Financing Activities		
	Redemption of preference shares	-	(151.00)
	Dividend paid (including dividend distribution tax)	(132.64)	(66.32)
	Proceed from non current borrowings	292.54	240.79
	Repayment of non current borrowings	(385.87)	(387.47)
	Proceeds/(repayment) of short term borrowings (Net)	1,213.09	(1,222.13)
	Repayment of lease liabilities	(15.96)	-
	Finance costs paid	(365.62)	(392.04)
	Net Cash Inflow / (Outflow) from Financing Activities	605.54	(1,978.17)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	387.28	(6.52)
	Cash and cash equivalents at the beginning of the year	33.17	39.69
	Cash and cash equivalents at the end of the year (Refer Note 9)	420.45	33.17

Note :

- a) The statement of cash flows have been prepared under indirect method.
- b) As per Ind AS 7, the Company is required to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company did not have any material impact on the Statement of Cash Flows therefore reconciliation has not been given.

As per our report of even date attached.

For **Singhi & Co.**

Chartered Accountants

Firm Reg No. 302049E

Bimal Kumar Sipani

Partner

M.No. 088926

Place: Noida (Delhi-NCR)

Date: May 13, 2020

Amar Singh Mehta
(Director)

Pankaj Kamra
(Company Secretary)

Place: New Delhi
Date: May 13, 2020

For and on behalf of the Board of Directors

Manish Bandlish
(Chief Executive Officer and Director)

Puneet Garg
(Chief Financial Officer)

**Notes to Financial Statements for the year ended 31st March, 2020****1 Significant Accounting Policies****I. Corporate Information:**

"Umang Dairies Limited ("the Company") is a public limited Company incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE'), in India. The registered office of the Company is situated at Gajraula, Hasanpur Road, Gajraula-244235, District- Amroha, Uttar Pradesh, India.

The Company is engaged in the business of procurement of cow milk mainly in the state of Uttar Pradesh at Gajraula, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk powder, flavoured milk, lassi, curd etc."

These financial statements were approved and adopted by the Board of Directors of the Company in their meeting held on 13th May, 2020.

II. Basis of preparation and measurement of financial statements:**(i) Statement of Compliance**

"The Financial Statements has been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time and other relevant provisions of the Companies Act, 2013.

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

The financial statements have been prepared under historical cost convention on accrual basis, except for the items that have been measured at fair value as required by relevant Ind AS. The financial statements of the Company comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

(ii) Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

(iii) Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in respective note.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(iv) Classification of Assets and Liabilities as Current and Non Current

"The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An assets/liabilities are treated as current when it is:

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or



- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets/liabilities. The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents."

III. Significant Accounting Policies

(i) Property, Plant and Equipment

Property, Plant and Equipment (PPE) acquired after the transition date are stated at cost net of tax/duty credit availed. Cost includes expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Capital work-in-progress includes cost of PPE under installation/under development as at balance sheet date. Advances paid towards the acquisition of PPE outstanding at each balance sheet date is classified as capital advance under other non-current assets.

Depreciation

Depreciation on PPE is calculated on Straight Line Method using the rates arrived at based on the estimated useful lives given in Schedule II of the Companies Act, 2013 or re-assessed by the Company on technically assessed, as given below:

General Plant and Machinery	15 - 18
Years (Continuous Process Plant)	

Depreciation will be charged from the date the assets is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

(v) Intangible Assets

Intangible Assets are recognised, if the future economic

benefits attributable to the assets are expected to flow to the Company and cost of the asset can be measured reliably. Such intangible assets are measured at cost less any accumulated amortisation and impairment losses, if any and are amortised over their respective individual estimated useful life given below on straight line method.

Software	- 5 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

(vi) Leases

The Company as a lessee

The Company's lease asset primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate



that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows."

(vii) Impairment of non-financial assets

The carrying amount of Property, plant and equipments and Intangible assets are reviewed at each Balance Sheet date to assess impairment if any, based on internal / external factors. An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value, being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount.

(viii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Initial recognition and measurement

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

(b) Subsequent recognition

A. Financial Assets

On initial recognition, a financial asset is classified and measured at

- Amortised Cost;
 - Fair Value Through Other Comprehensive Income (FVOCI); or
 - Fair Value Through Profit and Loss (FVTPL)
- Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. A financial asset is measured at amortised cost if it meets both of the following conditions and is not recognised as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI) (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets measured at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Statement of Profit and Loss.

Financial assets measured at FVOCI: These assets are subsequently measured at fair value. Dividends



are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial assets measured at Amortised Cost:

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

B. Financial liabilities

Classification, subsequent measurement and gains and losses : Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised as profit or loss respectively.

(c) Derecognition

Financial Assets : The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial Liabilities : The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(d) Impairment of financial instruments

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not Fair Value Through Profit and Loss. Expected credit losses are measured at an

amount equal to the 12-month ECL, unless there has been a significant increase in credit risk or the assets have become credit impaired from initial recognition in which case, those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Measurement of expected credit loss

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive).

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(ix) Foreign currency transactions and translation

Transactions in foreign currencies are recorded by the Company at their respective functional currency considering exchange rates prevailing on the date of transactions qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the Statement of Profit & Loss except exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items



measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(x) Employee Benefit

(a) Short term employee benefits :

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined contribution plans :

The Company has Provident Fund as defined contribution plan. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(c) Defined benefit plans :

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yield on government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurement

The Company presents the first two components

of defined benefit costs in the statement of profit and loss in the line item employee benefits expense.

(d) Other Long-term employee Benefits:

The company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

(xi) Earnings per Share (EPS)

The basic EPS is computed by dividing the profit after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

(xii) Income Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternate Tax

Credit of Minimum Alternative Tax (MAT) 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 specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(xiii) Provisions and Contingent Liabilities /Assets

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

(xiv) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the company. The Business activity of the company falls within one business segment viz "Dairy Products".

(xv) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are



capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

(xvi) Fair Value Measurements

The Company measures financial instruments such as derivatives and certain investments, where applicable at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.
Or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

a. Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b. Derivatives

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps, wherever required to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit & Loss.

(xvii) Significant accounting Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.



b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of property, plant and equipment
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

- Impairment of financial assets: key assumptions used in estimating recoverable cash flows
- Uncertainty relating to the global health pandemic

(xviii) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(xix) Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



Notes to Financial Statements for the year ended 31st March, 2020

2. Property, Plant and Equipment

(₹ Lakhs)

	Freehold Land	Buildings	Roads	Plant and Equipment	Electrical Installation	Pipeline & Fittings	Furniture and Fixtures	Vehicles	Office Equipments	Total
Cost as at 1st April, 2018	1,640.18	1,631.62	21.26	4,099.22	163.13	2.03	22.98	93.47	87.00	7,760.89
Addition during the year	-	36.34	44.43	553.78	3.45	-	1.54	37.50	8.60	685.64
Sold/discarded during the year	-	-	-	-	-	-	-	7.24	-	7.24
Adjustment during the year	-	-	-	-	-	-	-	-	-	-
Cost as at 31st March, 2019	1,640.18	1,667.96	65.69	4,653.00	166.58	2.03	24.52	123.73	95.60	8,439.29
Addition during the year	-	159.16	-	656.90	4.79	-	0.26	2.49	11.84	835.44
Sold/discarded during the year	-	-	-	-	-	-	-	6.50	-	6.50
Adjustment during the year	-	-	-	-	-	-	-	-	-	-
Cost as at 31st March, 2020	1,640.18	1,827.12	65.69	5,309.90	171.37	2.03	24.79	119.72	107.44	9,268.23

	Freehold Land	Buildings	Roads	Plant and Equipment	Electrical Installation	Pipeline & Fittings	Furniture and Fixtures	Vehicles	Office Equipments	Total
Accumulated Depreciation										
Accumulated depreciation as at 1st April, 2018	-	130.03	6.16	482.04	25.64	0.40	1.83	16.05	26.39	688.54
Depreciation for the year	-	75.97	9.87	211.03	18.03	0.20	2.26	15.53	19.29	352.17
Disposals	-	-	-	-	-	-	-	1.91	-	1.91
Adjustment during the year	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31st March, 2019	-	206.00	16.03	693.07	43.67	0.60	4.09	29.67	45.68	1,038.80
Depreciation for the year	-	79.12	12.86	247.90	18.84	0.20	2.22	14.61	19.24	394.99
Disposals	-	-	-	-	-	-	-	1.97	-	1.97
Adjustment during the year	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31st March, 2020	-	285.12	28.88	940.97	62.51	0.80	6.31	42.31	64.92	1,431.82
Net carrying value as on 31st March, 2019	1,640.18	1,461.96	49.66	3,959.93	122.91	1.43	20.43	94.06	49.91	7,400.49
Net carrying value as on 31st March, 2020	1,640.18	1,542.00	36.81	4,368.93	108.86	1.23	18.47	77.40	42.52	7,836.41

Notes :

(i) Assets pledged and hypothecated against borrowings - Refer Note 14



Notes to Financial Statements for the year ended 31st March, 2020

3. Right to Use Assets

(₹ Lakhs)

	Leasehold Land	Buildings	Total
Right of Use Assets			
Cost as at 1st April, 2019	-	-	-
Addition during the year as per IND AS 116 (Lease)	54.12	248.56	302.67
Sold/discarded during the year	-	-	-
Cost as at 31st March, 2020	54.12	248.56	302.67

	Leasehold Land	Buildings	Total
Accumulated depreciation			
Accumulated depreciation as at 1st April, 2019	-	-	-
Depreciation for the year	2.08	24.86	26.94
Disposals	-	-	-
Adjustment during the year	-	-	-
Accumulated depreciation as at 31st March, 2020	2.08	24.86	26.94
Net carrying value as on 31st March, 2020	52.04	223.70	275.74

Note : Refer Note 39

4. Intangible Assets

(₹ Lakhs)

	Computer Software	Total
Cost as at 1st April, 2018	33.21	33.21
Addition during the year	3.00	3.00
Sold/discarded during the year	-	-
Cost as at 31st March, 2019	36.21	36.21
Addition during the year	5.73	5.73
Sold/discarded during the year	-	-
Cost as at 31st March, 2020	41.94	41.94
Accumulated amortisation as at 1st April, 2018	7.59	7.59
Amortisation during the year	6.80	6.80
Disposals	-	-
Accumulated amortisation as at 31st March, 2019	14.39	14.39
Amortisation during the year	7.59	7.59
Disposals	-	-
Accumulated amortisation as at 31st March, 2020	21.98	21.98
Net carrying value as at 31st March, 2019	21.82	21.82
Net carrying value as at 31st March, 2020	19.96	19.96



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
5 Other Non-Current Financial Assets		
Unsecured, Considered Good		
Security Deposits	62.53	62.49
Fixed Deposit with accrued interest thereon	-	1.22
Total	62.53	63.71
6 Other Non Current Assets		
Unsecured, Considered Good		
Capital Advances	24.61	80.04
Others	1.45	1.57
Total	26.06	81.61
7 Inventories		
(Valued at Cost or Net Realizable Value, whichever is lower)		
Raw Materials	119.67	26.81
(including Goods in transit ₹ Nil (Previous year ₹ Nil)		
Work-in-Progress - Semi Processed Milk	135.15	152.55
Finished Goods	5,607.56	2,505.32
Stores and Spares & Packing Material	760.17	461.98
Total	6,622.55	3,146.66
7.1 During the year, ₹ Nil (Previous year ₹ 53.08 Lakhs) was recognised as expense for inventories carried at net realisable value and provision for slow and non moving inventories.		
7.2 Inventories are hypothecated to secure borrowings. Refer to Note 19.		
8 Trade Receivables		
Unsecured		
Considered Good	855.26	1,119.25
Have significant increase in credit risk	-	-
Credit Impaired	22.49	22.49
	877.75	1,141.74
Less:- Allowance for Credit Losses	(22.49)	(22.49)
Total	855.26	1,119.25

8.1 Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

8.2 For details of receivables from Related Parties, Refer Note No. 36

8.3 Trade Receivables are hypothecated to secure borrowings. Refer to Note 19.



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
9 Cash & Cash Equivalents		
Balance with bank in Current accounts	415.46	28.26
Cheques in hand	-	2.54
Cash in hand	4.99	2.37
Total	420.45	33.17
10 Other Bank Balances		
Earmarked balances		
Unclaimed Dividend Accounts	44.28	38.94
Fixed deposits with original maturity more than 3 months but less than 12 months (pledged with sales tax department)	5.62	4.70
Deposits with original maturity of more than 12 months	-	0.91
Less:- Amount disclosed under the head other Non Current Assets	-	(0.91)
Total	49.90	43.64
11 Other Current Financial Assets		
Unsecured, Considered Good		
Interest receivable	5.33	9.65
Incentive receivable from Government	6.47	6.47
Others	-	4.96
Total	11.80	21.08
12 Other Current Assets		
Unsecured, Considered Good		
Advances recoverable	-	90.68
Prepaid expenses	29.21	21.38
Indirect tax recoverable	130.84	18.69
Conversion income accrued but not billed	41.84	30.71
Others	0.65	0.80
Unsecured, Considered doubtful		
Others	-	3.49
Less: Allowance for doubtful loans and advances	-	(3.49)
Total	202.54	162.26



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
13. Equity Share Capital		
Authorised		
3,00,00,000 (Previous Year 3,00,00,000) Equity Shares of ₹ 5 each	1,500.00	1,500.00
6,00,000 (Previous Year 6,00,000) Redeemable Preference shares of ₹ 100 each	600.00	600.00
Total	2,100.00	2,100.00
Issued, Subscribed and Paid-up		
2,20,03,200 (Previous Year 2,20,03,200) Equity Shares of ₹ 5 each	1,100.16	1,100.16
Total	1,100.16	1,100.16

Notes :

(a) Reconciliation of the number of shares outstanding

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Equity Shares Nos	Preference Shares Nos	Equity Shares Nos	Preference Shares Nos
Shares outstanding at the beginning of the year	2,20,03,200	-	2,20,03,200	1,51,000
Shares Issued during the year	-	-	-	-
Shares bought back/redeemed during the year	-	-	-	1,51,000
Shares outstanding at the end of the year	2,20,03,200	-	2,20,03,200	-

(b) Terms /Rights attached to Equity Shares:

The Company has only one class of Equity Shares having face value of ₹ 5/- each and each shareholder is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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. There is no restriction on distribution of dividend. However, same except interim dividend is subject to the approval of the shareholders in the Annual General Meeting.

(c) Details of equity shareholder holding more than 5% shares:

Name of Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Percentage	Number of shares	Percentage
Bengal & Assam Company Ltd. (Holding Company)	1,21,68,430	55.30%	1,09,72,965	49.87%
Sidhivinayak Trading & Investment Ltd.(Formerly Known Juggilal Kamplapat Udyog Ltd.)	38,50,000	17.50%	38,50,000	17.50%
Florence Investech Ltd.*	-	-	11,94,965	5.43%

* since merged with Bengal & Assam Company Ltd. (Refer Note No. 44)



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
14 Non Current Borrowings		
Secured Loans		
Term Loans - Banks	845.97	919.35
Vehicle Loan	48.12	68.08
Total	894.09	987.43
Less : Current maturities of long term borrowings		
Term Loans - Banks	251.75	467.52
Vehicle Loan	22.41	19.88
Total	274.16	487.40
Total	619.93	500.03

- (a) Term Loan of ₹ 71.70 Lakhs (Previous Year ₹ 286.72 Lakhs) from Axis Bank is Secured by a first pari passu charge over the entire moveable properties of the Company both present and future and equitable mortgage over the immovable properties in the name of the Company situated at Gajraula, is repayable in equal quarterly instalments of ₹ 71.88 Lakhs commencing from June, 2016.
- (b) Term Loan of ₹ 400.00 Lakhs (Previous Year ₹ 475.17 Lakhs) from Axis Bank (previous year RBL Bank) is Secured by a first pari passu charge over the entire moveable properties of the Company both present and future and equitable mortgage over the immovable properties in the name of the Company situated at Gajraula, is repayable in 20 quarterly instalments of ₹ 20.00 Lakhs each commencing from December, 2019.
- (c) Term Loan of ₹ 374.27 Lakhs (Previous Year ₹ 157.46 Lakhs) from Axis Bank is Secured by a first pari passu charge over the entire moveable properties of the Company both present and future and equitable mortgage over the immovable properties in the name of the Company situated at Gajraula, is repayable in equal quarterly instalments of ₹ 25 Lakhs commencing from December 2018.
- (d) Vehicle Loan of ₹ 24.06 Lakhs (Previous Year ₹ 38.14 Lakhs) from ICICI Bank Limited is secured by way of hypothecation of vehicle purchased thereunder. Loan is repayable in different equal monthly instalments including interest, for different loan taken on different rates.
- (e) Vehicle Loan of ₹ 24.06 Lakhs (Previous Year ₹ 29.94 Lakhs) from Kotak Mahindra Bank is secured by way of hypothecation of vehicle purchased thereunder. Loan is repayable in different equal monthly instalments including interest, for different loan taken on different rates.
- (f) The Company has availed the moratorium facility given by the RBI in Notification No RBI/2019-20/186 dated 27th March, 2020 to defer the principal payments upto 3 months to be paid in the forecoming months.



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
15 Other Financial Liabilities - Non Current		
Trade and other deposits	11.00	11.00
Total	11.00	11.00
16 Long Term Provisions		
Provision for Employee Benefits (Refer note no. 34)	222.56	207.33
Total	222.56	207.33
17 Deferred Tax Liabilities		
<u>Deferred Tax Liabilities</u>		
Property, plant and equipments & Intangible assets	1,124.56	1,038.02
Others	-	2.54
<u>Deferred Tax Assets</u>		
Provision for Employees Benefit	79.26	51.42
Other Timing Differences	9.46	29.64
MAT Credit Entitlement	215.03	196.50
Net Deferred Tax Liabilities	820.82	763.00
Based on the current plans, the Company expects to generate taxable income which will enable it to utilise MAT Credit Entitlement.		
Reconciliation of effective tax	FY 2019-20	FY 2018-19
Profit before tax	406.71	653.75
Enacted tax rates for company under Income Tax	27.82%	27.82%
Tax on current income	113.15	181.87
Other Non deductible expenses	5.22	5.89
MAT Credit Entitlement	(18.53)	(19.23)
Others (including change in tax rates for deferred tax)	23.88	(18.57)
Reported Income Tax Expenses	123.72	149.14
In previous years the Government of India has reduced effective tax rates to 27.82% for Companies having turnover below Rs 25,000 Lakh.		
18 Other Non Current Liabilities		
Security Deposits	974.04	971.06
Total	974.04	971.06



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
19 Current Borrowings		
Secured Loans		
Working capital borrowing from a bank	3,339.21	2,126.12
Total	3,339.21	2,126.12
20 Trade Payables		
For Goods and Services		
Vendor O/s	2,328.88	811.14
Prov for Exps	260.26	217.06
a) total outstanding dues of micro and small enterprises	-	-
b) total outstanding dues of creditors other than micro and small enterprises	2,589.15	1,028.20
Total	2,589.15	1,028.20
Based on the information available as identified by the Company, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures relating to dues of Micro and Small enterprises under section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:		
a. Principal amount and Interest due thereon remaining unpaid to any supplier as on	-	-
b. Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day	-	-
c. the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
d. the amount of interest accrued and remaining unpaid during the accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-
21 Other Current Financial Liabilities		
Current maturities of long term borrowings	274.16	487.40
Dues to a body corporate @	40.00	40.00
Interest accrued	4.80	4.52
Unclaimed dividends #	44.28	38.94
Employee Emoluments	92.99	106.14
Security Deposits	83.86	104.33
Capital Creditors*	66.36	102.34
Other Payables ^	502.86	321.21
Total	1,109.31	1,204.88

As and when due, Investor Education & Protection Fund will be credited (if not claimed by shareholders within the specified time period)



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
@ Loan of ₹ 40 lakhs (Previous year ₹ 40 lakhs) from a body corporate is secured by a first pari passu charge over the entire moveable properties of the Company was due in earlier years but not demanded by lender. Liability of above have been recognized to the extent and in terms of BIFR order.		
22 Other Current Liabilities		
Statutory Dues	49.82	147.31
Advance from Customers (Refer note 36)	641.36	150.51
Total	691.18	297.83
23 Short Term Provisions		
Provision for Employee Benefits (Refer note no. 34)	8.09	6.62
Total	8.09	6.62
24 Revenue from operations		
Sale of Products	19,788.55	17,825.92
Other Operating Revenues		
Conversion Charges	4,687.77	4,551.08
Total	24,476.32	22,377.00
25 Other Income		
Interest Income	27.69	57.53
Net Profit on sale of property, plant and equipment	0.44	3.08
Scrap Sale	40.89	88.03
Provision for earlier years no longer required	13.48	27.57
Others	17.58	23.77
Total	100.09	199.98
26 Cost of Materials Consumed		
Raw Materials	17,918.81	12,619.02
Packing Materials	952.44	964.27
Total Cost of Materials Consumed	18,871.25	13,583.30
27 Change in inventories of finished goods and work-in-progress		
Opening Stock		
Finished Goods	2,505.03	2,878.37
Work-in-Progress	152.55	93.45
	2,657.58	2,971.82
Closing Stock		
Finished Goods	5,607.56	2,505.03
Work-in-Progress	135.15	152.55
	5,742.71	2,657.58
Net (Increase) / Decrease in Stocks	(3,085.12)	314.24
28 Employee Benefit Expenses		
Salaries, Wages and Bonus	2,163.27	2,161.03
Contribution to Provident and other Funds	88.60	71.72
Staff Welfare Expenses	49.41	61.15
Total	2,301.28	2,293.90



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
29 Finance Costs		
Interest	240.85	311.89
Interest on lease obligations	30.87	-
Other Borrowing Costs	94.19	92.26
	365.91	404.16
Less: Transfer to Capital Work in Progress/Capitalised	-	1.18
Total	365.91	402.97
30 Depreciation & amortisation expense		
Depreciation and Amortisation	402.58	358.98
Depreciation of Right of use assets	26.94	-
Total	429.52	358.98
31 Other Expenses		
Consumption of Stores and spares	488.54	546.17
Power and Fuel	2,279.70	2,196.51
Job on contract	452.66	204.74
Rent	55.42	72.24
Repairs to Buildings	31.44	29.20
Repairs to Machinery	97.68	116.07
Insurance	32.13	31.06
Rates & Taxes	134.39	25.35
Freight and Transportation	500.24	530.67
Advertisement and sales promotion	343.82	288.37
Corporate Social Responsibility	18.71	19.07
Directors' Fee	15.12	13.23
Directors' Commission	5.98	6.50
Allowance for Credit Losses	-	22.49
Miscellaneous @	831.04	868.18
Total	5,286.86	4,969.85
@ Includes amount paid to auditors		
i) Statutory Auditors:		
a. As Auditor	3.45	3.45
a. Limited review fee	0.90	0.90
b. Tax audit fee	0.50	0.50
c. Certifications fee	0.18	0.18
d. GST audit fee	1.25	-
d. Reimbursement of expenses	0.30	0.32
Total	6.58	5.35
ii) Cost Auditors:		
a. Audit fee	0.42	0.42
Total	0.42	0.42



Notes to Financial Statements for the year ended 31st March, 2020

(₹ Lakhs)

Particulars	As at	As at
	31st March, 2020	31st March, 2019
32 Earning per share (EPS)		
Profit for the year	282.99	504.61
Number of Equity Shares beginning of the year	22003200	22003200
Shares issued during the year	-	-
Number of Equity Shares at the end of the year	22003200	22003200
Weighted average number of equity shares of ₹ 5/- each	22003200	22003200
Basic and diluted (Per Share in ₹)	1.29	2.29

33 Contingent Liabilities & Commitments (to the extent not provided for)

Contingent Liabilities :

Claim against the company not acknowledged as debts.

a. Mandi Fee under appeal*	181.66	181.66
b. Milk Cess under appeals*	69.26	69.26
c. Sales tax matters under appeals*	431.49	99.96
d. Income tax liability that may arise in respect of matters in appeal referred by the department #	-	-
e. Other matters	92.58	92.58

* Interest impact on above, if any, will be considered as and when arise.

In respect of certain disallowances and additions made by the Income Tax Authorities, appeals are pending before the Appellate Authorities and amount is not ascertainable at this stage.

The Company has reviewed all its pending litigations and proceeding and has adequately provided for where provision required and disclosed as contingent liabilities where applicable, in its financial statement. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.

Commitments:

Contracts remaining to be executed on capital account (Net of Advances)	49.25	159.93
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34 Employee benefits

A. Defined Contribution Plans

Provident Fund: During the year, the Company has recognised ₹ 88.59 Lakhs (previous year ₹ 72.99 Lakhs) as contribution to Employee Provident Fund in the Statment of Profit and Loss

B. Defined Benefit Plans - Gratuity

Each employee rendering continuous service of 5 years or more is entitled to receive gratuity amount equal to 15/26 of the monthly emoluments for every completed year of service subject to maximum of ₹ 20 Lakhs at the time of separation from the company.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for defined benefit plans:

	(₹ in lakhs)	
	Current Year	Previous Year
(i) Reconciliation of fair value of plan assets and defined benefit obligation:		
Fair value of plan assets	-	-
Defined benefit obligation	126.60	122.13
Net assets / (liability) recognised in the Balance Sheet at year end	(126.60)	(122.13)



Notes to Financial Statements for the year ended 31st March, 2020

		(₹ in lakhs)	
		Current Year	Previous Year
(ii)	Changes in the present value of the defined benefit obligation are, as follows:		
	Defined benefit obligation at beginning of the year	122.13	105.19
	Current service cost	24.00	22.18
	Interest expense	9.34	8.28
	Benefits paid	(5.73)	(10.57)
	Actuarial (gain)/ loss on obligations - OCI	(23.13)	(2.95)
	Defined benefit obligation at year end	126.60	122.13
(iii)	Amount recognised in Statement of Profit and Loss:		
	Current service cost	24.00	17.53
	Net interest expense	9.34	7.72
	Remeasurement of Net Benefit Liability/ Asset	-	-
	Amount recognised in Statement of Profit and Loss	33.34	25.25
(iv)	Amount recognised in Other Comprehensive Income:		
	Actuarial (gain)/ loss on obligations	(23.13)	(1.48)
	Return on plan assets (excluding amounts included in net interest expense)	-	-
	Amount recognised in Other Comprehensive Income	(23.13)	(1.48)
(v)	The Company has no plan assets.		
(vi)	The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:		
	Discount rate (in %)	6.79%	7.65%
	Salary Escalation (in %)	7.00%	7.00%
	Rate of return in plan assets (in %)	-	-
	Expected average remaining working lives of employees (in years)	60	60
	Expected average remaining working lives of employees (in years)	22.99	23.59

34 Employee benefits

(vii) A quantitative sensitivity analysis for significant assumption are given as below :

		(₹ Lakhs)		
		As at March 31, 2020		As at March 31, 2019
Sensitivity Level		+ 0.5%	- 0.5%	0.50% -0.50%
Effect of change in discount rate		(7.27)	7.97	(6.61) 7.22
Effect of change in salary escalation		7.82	(7.28)	7.24 (6.68)

- The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.
- Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.
- Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.



Notes to Financial Statements for the year ended 31st March, 2020

(viii) Maturity profile of defined benefit obligation :

	(₹ in lakhs)	
	Current Year	Previous Year
Within next twelve months	3.65	1.89
Between one to five years	26.28	11.88
Beyond five years	96.67	108.36

(ix) Description of Risk Exposures:

Defined benefit plans expose the Company to actuarial risks such as: Interest rate risk, Salary risk and Demographic Risk.

- Interest rate risk:** The defined benefit obligation calculated uses a discount rate based on government bonds. If the bond yield falls, the defined benefits obligation will tend to increase.
- Salary risk:** Higher than expected increase in salary will increase the defined benefit obligation.
- Demographic risk:** This is the risk of variability of results due to unsystematic nature of decrements that includes mortality, withdrawals, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends on the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

35 Segment Reporting

- According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. "Dairy Products" and substantially sale of the product is within the country. Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable.
- Two customers individually account for more than 10% of the revenue in the year ended 31st March, 2020 and 31st March, 2019.

36 Related party disclosures

Names of related parties and description of relationship (to the extent identified by the Company)

A Relationship

- Holding Company**
Bengal and Assam Company Ltd.

- Fellow Subsidiaries**
LVP Foods Pvt. Ltd. (LVP)
JK Tyre & Industries Ltd. (JKTIL)
JK Fenner (India) Ltd. (JKFL)
Panchmahal Properties Ltd.
JK Agri Genetics Ltd.

- Key Management Personnel:**

Mr. Ram Chandra Periwal	Non-Executive Director
Mr. Sharda Devi Singhania	Non-Executive Director
Mr. Ratan Chand Jain	Non-Executive Director
Mr. Desh Bandhu Doda	Non-Executive Director
Mr. Amar Singh Mehta	Non-Executive Director (w.e.f. 24.07.2019)
Mr. Manish Bandlish	Executive Director and C.E.O. (w.e.f. 24.07.2019) (C.E.O. from 11.06.2018 to 24.07.2019)



Notes to Financial Statements for the year ended 31st March, 2020

Mr. Diwan Singh ^

Mr. L.R. Nayak ^

Mr. Puneet Garg ^

Mr. Pankaj Kamra ^

Chief Financial Officer (till 30.09.2018)

Chief Financial Officer (w.e.f. 01.10.2018 to 31.12.2019)

Chief Financial Officer (w.e.f. 03.02.2020)

Company Secretary

^ under the Companies Act, 2013

iv) Other Entities

JK Paper Ltd. (JKPL)

Associate of holding company

JK Lakshmi Cement Ltd. (JKLC)

Associate of holding company

Pushpawati Singhania Research Institute (PSRI)

(₹ Lakhs)

Particulars	Year ended	LVP	PSRI	JKPL	JKLC	KMP	Grand Total
B. Transactions during the year							
(a) Other Transactions							
Sales of Goods/ Services (including GST)	March 31, 2020	3,551.71	-	0.41		-	3,552.12
	March 31, 2019	-	-	-		-	-
Rent Paid (including GST)	March 31, 2020	5.90	-	0.89	44.58	-	51.36
	March 31, 2019	-	-	-	-	-	-
Advance received against sale of Services	March 31, 2020	454.34	-			-	454.34
	March 31, 2019	-	-			-	-
Medical Expenses	March 31, 2020	-	0.23			-	0.23
	March 31, 2019	-	0.87			-	0.87
Purchase of goods/ Services	March 31, 2020	-	-	2.90	23.21	-	26.11
	March 31, 2019	-	-	-	-	-	-

(b) Short-Term Employee Benefits

Remuneration #	March 31, 2020	-	-			226.58	226.58
	March 31, 2019	-	-			213.96	213.96
Director Sitting Fees to Non-Executive Directors	March 31, 2020	-	-			15.12	15.12
	March 31, 2019	-	-			13.23	13.23
Commission to Directors	March 31, 2020	-	-			5.98	5.98
	March 31, 2019	-	-			6.50	6.50

C. Closing balances

Advance received against sale of Services	March 31, 2020	454.34	-	-		-	454.34
	March 31, 2019	-	-	-		-	-
Security deposit payable	March 31, 2020	963.93	-	-		-	963.93
	March 31, 2019	-	-	-		-	-
Other Payables	March 31, 2020	-	0.02	-		-	0.02
	March 31, 2019	-	0.04	-		-	0.04



Notes to Financial Statements for the year ended 31st March, 2020

Above remuneration is excluding provision for Gratuity and Leave Encashment, where the actuarial valuation is done on overall Company basis.

Note : Pursuant to the scheme of amalgamation in the holding company, LVP Foods Pvt. Ltd., J.K. Fenner (India) Limited, JK Tyre & Industries Limited, JK Agri Genetics Limited and Panchmahal Properties Ltd. became the fellow subsidiaries of the Company and JK Paper Ltd. and JK Lakshmi Cement Ltd. became associates of the holding company. Accordingly transactions with related parties has been disclosed post NCLT order dated 24th May, 2019. (Refer Note no 44)

37 FINANCIAL INSTRUMENTS

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Financial Assets		(₹ Lakhs)			
Sl. No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
		Carrying	Fair	Carrying	Fair
		Amount	Value	Amount	Value
1	Financial assets designated at amortised cost				
a)	Trade receivables	855.26	855.26	1,119.25	1,119.25
b)	Cash and cash equivalents	420.45	420.45	33.17	33.17
c)	Other Bank Balances other than "b" above	49.90	49.90	43.64	43.64
d)	Other financial assets	74.33	74.33	84.79	84.79
		1,399.94	1,399.94	1,280.84	1,280.84

Financial Liabilities		(₹ Lakhs)			
Sl. No.	Particulars	As at 31st March, 2020		As at 31st March, 2019	
		Carrying	Fair	Carrying	Fair
		Amount	Value	Amount	Value
1	Financial liability designated at amortised cost				
a)	Borrowings	4,233.31	4,233.31	3,113.55	3,113.55
b)	Trade payables	2,589.15	2,589.15	1,028.20	1,028.20
c)	Other financial liability	846.14	846.14	728.48	728.48
		7,668.60	7,668.60	4,870.23	4,870.23

The following methods and assumptions were used to estimate the fair values.

- A Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.
- B Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities are at their carrying amounts due to the short-term nature of these instruments.
- C The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognised and measured at fair value and



Notes to Financial Statements for the year ended 31st March, 2020

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There are no transfers between level 1 and level 2 during the year.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's management oversees the management of these risks. The management reviews and agrees policies for managing each of these risks, which are summarised below.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. The Company Management has established a procedure under which each new customer is analyzed individually for creditworthiness. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available, and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the Chief Executive Officer of the Company.

Most of the Company's customers have been transacting with the Company for over four years, and no significant impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The carrying amount net of loss allowances of trade receivables is ₹ 855.26 lakhs (Previous year ₹ 1119.25 lakhs).



Notes to Financial Statements for the year ended 31st March, 2020

Ageing of trade receivables are as under:-

Particulars	As at 31st March,2020			As at 31st March,2019		
	Less than 6 months	More than 6 months	Total	Less than 6 months	More than 6 months	Total
Unsecured	855.26	22.49	877.75	1,128.53	13.22	1,141.74
Allowances for Credit Losses	-	(22.49)	(22.49)	(11.01)	(11.48)	(22.49)
Net Balance	855.26	-	855.26	1,117.51	1.74	1,119.25

During the period, the Company has made no write-offs of trade receivables. It does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment.

Reconciliation of loss allowance provision – Trade receivables

Particulars	As at 31st March,2020	As at 31st March,2019
Opening balance	22.49	3.97
Changes in loss allowance	-	18.52
Closing balance	22.49	22.49

ii. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises mainly three types of risk: interest rate risk, currency risk and other price risk such as commodity price risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses various debt instruments to manage market risks on account of interest rates. All such transactions are carried out as per guidelines of the Management.

(a) Interest rate risk

The Company's main interest rate risk arises from non-current and current borrowings with variable rates, which expose the Company to cash flow interest rate risk. Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk. The Company's borrowings at variable rate were denominated in Rupees.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	Fixed-rate instruments		Variable-rate instruments		Total	
	As at 31st March,2020	As at 31st March,2019	As at 31st March,2020	As at 31st March,2019	As at 31st March,2020	As at 31st March,2019
Borrowings	48.12	68.08	4,185.18	3,045.47	4,233.30	3,113.55

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.



Notes to Financial Statements for the year ended 31st March, 2020

Particulars	Profit or loss		Equity, net of tax	
	50 bp	50 bp	50 bp	50 bp
	increase	decrease	increase	decrease
Cash flow sensitivity				
Variable-rate instruments (Current year)	(20.93)	20.93	(15.10)	15.10
Variable-rate instruments (Previous year)	(15.23)	15.23	(10.99)	10.99

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(b) Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD for import of machinery/spares. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company's does not have exposure to foreign currency at year end.

(c) Commodity price risks

The Company is affected by the price volatility of certain commodities. Its operating activities require the purchase of raw material and manufacturing of dairy products and therefore, requires a continuous supply of certain raw materials such as milk, sugar, etc. To mitigate the commodity price risk, the Company has an approved supplier base to get best competitive prices for the commodities and to assess the market to manage the cost without any compromise on quality.

iii. Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. (₹ in lakhs)

Particulars	Carrying Amount	Less than 1 year	1-5 Years	More than 5 year	Total
As at March 31, 2020					
Borrowings -Current	3,339.21	3,339.21	-	-	3,339.21
Borrowings -Non Current \$	894.10	274.16	619.93	-	894.10
Lease Liability	286.74	17.55	90.03	179.16	286.74
Trade and Other Payables	3,435.29	3,424.29	11.00	-	3,435.29
Total	7,955.34	7,055.22	720.96	179.16	7,955.34



Notes to Financial Statements for the year ended 31st March, 2020

As at March 31, 2019					
Borrowings -Current	2,126.12	2,126.12	-	-	2,126.12
Borrowings -Non Current \$	987.43	487.40	432.53	67.50	987.43
Trade Payables	1,756.68	1,745.68	11.00	-	1,756.68
Total	4,870.23	4,359.20	443.53	67.50	4,870.23

\$ including current maturity

39 Leases

As a Lessee

- Effective April 01, 2019 the Company adopted Ind AS 116 'Lease' using modified retrospective approach in accordance with the modified retrospective transition method, the comparatives have not been retrospectively adjusted. This has resulted in the recognition of right-of-use assets and lease liabilities for lease contracts aggregating to ₹ 302.67 lakhs.
- A reconciliation of the operating lease commitments at 31st March, 2019, disclosed in the Company's 2018-19 financial statements, to the lease liabilities recognised in the statement of financial position is provided below :

Particulars	(₹ Lakhs)
Operating Lease commitments disclosed as at March 31, 2019	-
Lease obligation identified related to land and building	564.00
Effect of discounting	(261.33)
Lease liability recognised as at April 01, 2019	302.67

- There were no impacts on retained earnings upon implementation of Ind AS 116.
- On 31st March, 2020, lease liabilities were ₹ 286.75 lakhs. The corresponding interest expense for the year ended 31st March, 2020, amounted to ₹ 30.87 lakhs. The portion of the lease payments recognized as a reduction of the lease liabilities and as a cash outflow from financing activities amounted to ₹ 15.93 lakhs for the year ended 31st March, 2020.
- The maturity of the lease liabilities as of 31st March, 2020, is as follows:

Particulars	<=1 Year	1-3 Years	4-5 Years	>5 Years	Total
Maturities of Lease Liabilities	17.55	40.66	49.37	179.16	286.74

- The Company recognizes the expenses of short-term leases on a straight-line basis over the lease term. The expenses related to short-term leases are ₹ 102.22 lakhs for the year ended 31st March, 2020.
- There are no income from subleasing right-of-use assets nor any gains or losses from sales and leaseback for the year ended 31st March, 2020.
- There are no variable lease payments for the year ended 31st March, 2020.
- Total cash outflow on leases for the year ended 31st March, 2020 was ₹ 46.80 lakhs

As a Lessor

The company has not given any assets on lease to third parties.

- The Management has carried out review of the remaining useful lives of its property, plant and equipments and its value in use. As the recoverable amount as per projections exceeds the carrying amount, no impairment has been provided for in these accounts.



Notes to Financial Statements for the year ended 31st March, 2020

- b) Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.

41 Event occurring after balance sheet date

The Board of directors has recommended dividend of ₹ 0.50 (Previous Year ₹ 0.50) per equity share aggregating ₹ 110.02 lakhs (Previous Year ₹ 132.63 lakhs) including dividend distribution tax of NIL (Previous Year ₹ 22.62 lakhs) for the financial year ended 31st March, 2020 and same is subject to approval of shareholders at the ensuing Annual General Meeting.

42 Capital Risk Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor and market confidence and to sustain future development. Capital includes issued capital, share premium and all other equity reserves attributable to equity holders. In order to strengthen the capital base, the company may use appropriate means to enhance or reduce capital, as the case may be.

Particulars	As at 31st March, 2020	As at 31st March, 2019
Borrowings	4,233.30	3,113.55
Less: cash and cash equivalents including bank balance	470.35	76.81
Net debt	3,762.95	3,036.75
Equity (Equity Share Capital and Other Equity)	5,900.45	5,733.40
Capital and Net debt	9,663.40	8,770.14
Gearing Ratio	38.94%	34.63%

- 43 COVID - 19 pandemic has caused serious disruption on the global economic and business environment. There is a huge uncertainty with regard to its impact which cannot be reasonably determined at this stage. However, the Company has evaluated and considered to the extent possible the likely impact that may arise from COVID-19 pandemic as well as all event and circumstances upto the date of approval of these Financial Statements on the carrying value of its assets and liabilities as on 31st March, 2020. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets and adequate liquidity is available. These estimates are subject to uncertainty and may be affected by the severity and duration of pandemic. The Company is continuously monitoring any material change in future economic conditions.
- 44 Pursuant to Scheme of Arrangement sanctioned by the Hon'ble NCLT, Kolkata and Chennai, having become effective w.e.f. 24th May, 2019 and the Scheme became operative from appointed date i.e. 1st April, 2017, Florence Investech Ltd., ceased to be shareholder of the Company and accordingly Bengal & Assam Company Limited has become the Holding Company.
- 45 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

As per our report of even date attached.

For **Singhi & Co.**

Chartered Accountants

Firm Reg No. 302049E

Bimal Kumar Sipani

Partner

M.No. 088926

Place: Noida (Delhi-NCR)

Date: May 13, 2020

Amar Singh Mehta
(Director)

Pankaj Kamra
(Company Secretary)

Place: New Delhi
Date: May 13, 2020

For and on behalf of the Board of Directors

Manish Bandlish
(Chief Executive Officer and Director)

Puneet Garg
(Chief Financial Officer)

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AWARDS FROM MOTHER DAIRY



MILK PROCUREMENT



CORPORATE SOCIAL -RESPONSIBILITY



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