

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Modern Dairies Limited will be held at its Registered Office at 136 K.M., G.T. Road, Karnal-132001 (Haryana) on Monday, the 28th September, 2015 at 11:00 a.m to transact the following business:-

AS ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Krishan Kumar Goyal (DIN: 00482035), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
3. To ratify the appointment of Statutory Auditors and fix their remuneration for the Financial Year 2015-16 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 139 and such other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time and pursuant to the resolution passed by the members at the 22nd Annual General Meeting (AGM) held on 24th September, 2014 in respect of appointment of the Statutory Auditors, M/s. Walker Chandio & Co. LLP, Chartered Accountants, (Firm Reg. No. 001076N), till the conclusion of the AGM to be held in the year 2019, the Company hereby ratifies and confirms the appointment of M/s. Walker Chandio & Co. LLP, Chartered Accountants, (Firm Reg. No. 001076N) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company to be held in the year 2016 to examine and audit the accounts of the Company for the Financial Year 2015-16 on such remuneration as may be fixed by the Board of Directors of the Company."

AS SPECIAL BUSINESS:

4. To appoint Dr. Renu Vig (DIN: 07234892) as a Non Executive Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions of the Companies Act, 2013, and the rules framed there under read with relevant Schedules of

the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement Dr. Renu Vig (DIN: 07234892), who was appointed as a Non Executive Independent Director (Additional Director) of the Company by the Board of Directors with effect from 1st July, 2015, pursuant to the provisions of Section 149 and 161 (1) and other applicable provisions of the Companies Act, 2013 and who holds office up to the date of 23rd Annual General Meeting and who has submitted a declaration that she meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013, from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years commencing from 28th September, 2015."

5. To approve the Material Related Party transactions with Modern Dairyfarms Limited and in this regard to consider and, if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT the approval of the Members of the Company be and is hereby accorded pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under and pursuant to the provisions of the revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges, including any amendment, modification, variation or re-enactment thereof, to the Board of Directors of the Company to enter into transactions for sale/ purchase of goods and to provide / avail services to / from Modern Dairyfarms Limited, a related party, under Section 2(76) of the Companies Act, 2013 and under the applicable Accounting Standard, subject to a maximum aggregate transactions of ₹ 225 Crores in a financial year on such terms and conditions as may be mutually agreed between the Company and Modern Dairyfarms Limited at the prevailing market prices and at arms length basis".

"RESOLVED FURTHER THAT the Board of Directors and/ or any of the Key Managerial Personnel of the Company be and is/ are hereby authorized jointly and/or severally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

6. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2016 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time and such other permissions as may be necessary, the shareholders hereby ratify the remuneration of ₹ 60,000/- plus service tax and out of pocket expenses payable to M/s. Aggarwal Vimal & Associates, Cost Accountants, who were appointed by the Board of Directors of the Company to conduct the audit of the Cost records of the Company for the Financial Year ending 31st March, 2016.”

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By order of the Board

Place : Chandigarh
Dated: 8th August, 2015

Anubha Garg
Company Secretary

Registered Office:

136 K.M., G.T. Road,
Karnal –132001 (Haryana)
CIN: L74899HR1992PLC032998
Email: secretarial@moderndairies.com

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

3. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, is annexed hereto.
4. A Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. Members who wish to obtain any information on the Company or view the Accounts for the financial year ended 31st March, 2015, may send their queries at least 10 days before the Annual General Meeting to the Company Secretary at Company’s Office at SCO 98-99, Sub-City Centre, Sector 34, Chandigarh-160022.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2015 to 28th September, 2015 (both days inclusive).
8. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their addresses, bank details, mandate etc., to their respective Depository Participant (DP). These changes will be automatically reflected in Company’s records, which will help the Company to provide efficient and better services to the Members. The Members holding shares in physical form are requested to intimate immediately change of address, if any, to the Company’s Registrar and Transfer Agent.
9. As per the provisions of the Companies Act, 2013 and the rules made thereunder and the Listing Agreement, the Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. Shareholders who have not registered their e-mail address with the Company can now register the same by submitting duly filled-in ‘E-Communication Registration Form’ attached at the end of this report (also available on our website www.moderndairies.com), with MCS Share Transfer Agent Limited / Investors Service Department of the Company. The Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants only. Even after registering for e-communication the Shareholders of the Company are entitled to receive such communication in physical form, upon request.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding

NOTICE OF 23rd ANNUAL GENERAL MEETING

shares in physical form can submit their PAN to the Company / MCS Share Transfer Agent Limited.

11. Soft copy of the Annual Report for the financial year 2014-15 is being sent to all the Members, whose email IDs are registered with the Company/ Depositors Participant(s) for communication purposes. For Members who have not registered their email address, physical copies of the Annual Report for the financial year 2014-15 is being sent in the permitted mode.
12. Soft copy of the Notice of the 23rd Annual General Meeting of the Company, inter-alia, indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 23rd Annual General Meeting of the Company, inter-alia, indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
13. Members may also note that the Notice of the 23rd Annual General Meeting and the Annual Report for the financial year 2014-15 will also be available on the Company's website www.moderndairies.com for their download. For any communication, the Members may also send requests at email ID: secretarial@moderndairies.com
14. Procedure for "Remote E-Voting"
Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide Members facility to exercise their right to vote on resolutions proposed to be considered at the 23rd Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting Services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
 - I. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
 - II. The remote e-voting period commences on 25th September, 2015 (9:00 a.m.) and ends on 27th September, 2015 (5:00 p.m.). During this period Members of the Company, holding shares either in

physical form or in dematerialized form, as on the cut-off date of 21st September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently.

A. In case a Member receives an email from NSDL:

- i) Open email and open PDF file, viz; "Moderndairies e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
 - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - iii) Click on Shareholder – Login
 - iv) Put user ID and password as initial password noted in step (i) above. Click Login.
 - v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi) Home page of "e-voting" opens. Click on "e-Voting: Active Voting Cycles".
 - vii) Select "EVEN" of Modern Dairies Limited.
 - viii) Now you are ready for "e-voting" as "Cast Vote" page opens.
 - ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi) Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to sharmasarinassociate@yahoo.com or secretarial@moderndairies.com with a copy marked to evoting@nsdl.co.in.
 - xii) Once you have voted on the resolution, you will not be allowed to modify your vote.
- ### **B. In case a Member receives physical copy of the Notice of AGM:**
- i) Initial User ID and Password is provided with the copy of this notice in separate slip.
 - ii) Please follow all steps from Sl. No. A(ii) to Sl. No. A(xi) above, to cast vote.

- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the Downloads section of www.evoting.nsdl.com
- IV. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote.
- V. You can also update your mobile number and e-mail ID in the user profile details of the folio, which may be used for sending future communication(s).
- VI. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 21st September, 2015.
- VII. Mr. Gurvinder Singh Sarin, MFC, LLB, FCS, Practising Company Secretary (Membership No. FCS 4025) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- VIII. The scrutiniser shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in the favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- IX. The Chairman or a person authorised by him in writing shall declare the result of the voting forthwith. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.moderndairies.com and on the website of NSDL and communicated to the BSE Limited.
15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection, at the Registered Office of the Company, during normal business hours (9:00 AM to 5:00 PM) on all working days (except on public holidays), upto the date of the Annual General Meeting.

By order of the Board

Place : Chandigarh
Dated: 8th August, 2015

Anubha Garg
Company Secretary

Registered Office:

136 K.M., G.T. Road,
Karnal -132001 (Haryana)
CIN: L74899HR1992PLC032998
Email: secretarial@moderndairies.com

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM NO. 4

The Board of Directors of the Company appointed Dr. Renu Vig (DIN: 07234892) as Additional Non Executive Independent Director of the Company, pursuant to the provisions of the Companies Act, 2013, and the rules framed thereunder and clause 49 of the Listing agreement.

In terms of Section 149 read with Clause No. 49 (II)(A) (1) of the Listing Agreement, every listed Company is required to appoint an Independent Woman Director. Further Section 149(10) of the Companies Act, 2013 provides that the Independent Directors shall hold office for a term upto 5 consecutive years and shall not be liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Companies Act, 2013.

Dr. Renu Vig is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

The Company has received notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing her candidature for the office of Director of the Company.

The Company has also received declaration from her that she meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Dr. Renu Vig fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing Agreement. Dr. Renu Vig is independent of the management of the Company.

Details as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are provided as a part of notice.

Copy of the draft letter for appointment of Dr. Renu Vig as an Independent Director setting out the terms and conditions is available for inspection by Members at the Registered Office of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for appointment of Dr. Renu Vig as a Non Executive Independent Director for a period of 5 consecutive years with effect from 28th September, 2015.

Dr. Renu Vig is interested in the resolution set out at Item No. 4 of the Notice with regard to her appointment.

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The relatives of Dr. Renu Vig may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

ITEM NO. 5

Modern Dairyfarms Limited is a related party within the meaning of Section 2(76) of the Companies Act, 2013 and under the applicable Accounting Standard.

The Audit Committee of Directors and the Board of Directors of the Company in their meetings held on 29th May, 2015 approved the related party transactions with Modern Dairyfarms Limited for sale / purchase of goods and to provide / avail services to / from Modern Dairyfarms Limited, a related party, subject to a maximum aggregate transactions of ₹ 225 Crores in a financial year. Under the provisions of revised Listing Agreement entered into with the stock Exchange, a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. The clause further provides that all Material Related Party Transactions shall require approval of the shareholders through special resolution. Since the transactions with Modern Dairyfarms Limited are estimated to be upto ₹ 225 crores in a financial year, which exceeds 10% of the annual consolidated turnover of the Company as per the audited financial statement as on 31st March, 2015, the transactions are required to be approved by the shareholders as a Special Resolution. The said transactions are in the ordinary course of business of the Company and wherever required are on a cost plus appropriate mark-up in adherence with the arms length principle.

Other details as required as per the Companies (Meetings of Board and its Powers) Rules, 2014.

1. Name of the Related Party : Modern Dairyfarms Limited
2. Name of the Director or key managerial personnel who is related, if any : Mr. Krishan Kumar Goyal, Chairman & Managing Director and Mr. Ashwani Kumar Aggarwal, Executive Director of the Company.

3. Nature of relationship : Related Party

4. Nature, material terms, monetary value and particulars of the contract or arrangement:

Sale / purchase of goods / provide / avail services to / from Modern Dairyfarms Limited, at the prevailing market prices and at arms length basis

5. Monetary value:

Estimated amount upto ₹ 225 crores in a Financial Year.

6. Any other information relevant or important for the Members to take a decision on the proposed resolution.: Nil

The copies of the contract setting out the terms and conditions is available at the registered office of the Company for inspection by any Member of the Company during business hours.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item No. 5 of the Notice for approval of transactions with Modern Dairyfarms Ltd.

Mr. Krishan Kumar Goyal, Chairman & Managing Director and Mr. Ashwani Kumar Aggarwal, Executive Director are interested in the resolution set out at Item No. 5 of the Notice.

The relatives of Mr. Krishan Kumar Goyal, Chairman & Managing Director and Mr. Ashwani Kumar Aggarwal, Executive Director of the Company may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

ITEM NO. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 subject to the ratification of the remuneration payable to the Cost Auditors by the shareholders of the Company in accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 6

of the Notice for ratification of the remuneration payable to the Cost Auditors for conducting the audit of the cost records of the Company for the financial year ending 31st March, 2016.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

By order of the Board

Place : Chandigarh
Dated: 8th August, 2015

Anubha Garg
Company Secretary

Registered Office:
136 K.M., G.T. Road,
Karnal –132001 (Haryana)
CIN: L74899HR1992PLC032998
Email: secretarial@modern dairies.com

INFORMATION REGARDING DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED ON 28TH SEPTEMBER, 2015, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

1. Name of the Director : Mr. Krishan Kumar Goyal

Date of Birth : 06.09.1956

Date of Appointment : 16.07.2012

Expertise in specific functional area : Mr. Krishan Kumar Goyal, aged 58 years, is a Commerce & Law graduate. He is energetic and dynamic person. He has a vast experience in manufacturing industry and is well versed with the modern management practices. He is also Mg. Director of Modern Steels Ltd.

He has served many positions in the Confederation of Indian Industry (CII) including Chairman, CII Chandigarh Council (NR) from 2003-2006. He has also served as member of Board of Governors, Punjab Engineering College, Chandigarh.

Qualification : B.Com, LLB

List of outside Directorships held :

- i) Modern Steels Limited
- ii) PHI Business Solutions Limited
- iii) Chandigarh Finance Pvt. Ltd.
- iv) Bharat Forgings Pvt. Ltd.

Chairman/Member of the Committee of the Board of Directors of the Company : Nil

Chairman/Member of the Committee of Directors of other Companies : Nil

Shareholding in the Company : As on 31st March 2015, Mr. Krishan Kumar Goyal holds 2295943 Equity Shares of the Company.

2. Name of the Director : Dr. Renu Vig

Date of Birth : 07.10.1963

Date of Appointment : 01.07.2015

Expertise in specific functional area : Dr. Renu Vig, aged 51 years is PhD with specialization in Artificial Intelligence and Neural Networks. Dr. Renu Vig has vast experience of more than 28 years in academic and administration. She is Director in UIET since Sept, 2009, Professor in UIET since 2005, Dean, Faculty of Engineering, Panjab University, Chandigarh, Guiding PhD Research in the area of Signal Processing, Network and Software Security. She has Published 71 papers and is Co-author of 2 books.

Qualification : PhD - specialization in Artificial Intelligence and Neural Networks.

List of outside Directorships held: Nil

Chairman/Member of the Committee of the Board of Directors of the Company : Nil

Chairman/Member of the Committee of Directors of other Companies : Nil

Shareholding in the Company : As on 31st March 2015, Dr. Renu Vig holds NIL Equity Shares of the Company.

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MODERN DAIRIES LIMITED

CIN: L74899HR1992PLC032998

Registered Office: 136 K.M., G.T. Road, Karnal - 132001 (Haryana)

Email: secretarial@modern dairies.com, **Website:** www.modern dairies.com

Phone: (0172) 2609001/2, **Fax:** (0172) 2609000

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholder,

In case you have not registered your email address for receiving communication from Company in electronic mode, you may submit the Registration Form given herein below to the Share Transfer Agents namely M/s. MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020 or to the Company at its office at Modern Dairies Limited, S.C.O. 98-99, Sub City Centre, Sector 34, Chandigarh-160 022. Shareholders holding shares in demat mode are requested to register their email addresses with their respective Depository Participants.

E-COMMUNICATION REGISTRATION FORM

(As per the provisions of the Companies Act, 2013 and the rules made thereunder and the Listing Agreement)

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder :

Name of Joint Holder(s) :

Registered Address :

E-mail ID (to be registered) :

I/we shareholder(s) of Modern Dairies Limited agree to receive communication from the Company in electronic mode. Please register my/our above e-mail id in your records for sending communication through e-mail.

Signature:

Date:

Note : Shareholder(s) are requested to keep the Company / Depository Participant informed as and when there is any change in the e-mail address.



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ATTENDANCE SLIP

MODERN DAIRIES LIMITED

CIN: L74899HR1992PLC032998

Registered Office: 136 K.M., G.T. Road, Karnal - 132001 (Haryana)

Email: secretarial@moderndairies.com, **Website:** www.moderndairies.com

Phone: (0172) 2609001/2, **Fax:** (0172) 2609000

23RD ANNUAL GENERAL MEETING

Member's / Proxy's name in Block Letters _____

Address _____

No. of Shares held _____

I / We hereby record my/our presence at the 23rd Annual General Meeting of the Company at 136 K.M., G.T. Road, Karnal –132001 (Haryana) at 11:00 a.m.

Member's Folio / DP ID-Client ID No.

Member's/Proxy's signatures

Note:

1. Please complete the Attendance Slip and handover at the entrance of the Meeting venue.
2. Soft copy of the Annual Report for FY 2014-15 and the Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant / Company through email only unless any member has requested for a hard copy of the same. Members receiving soft copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy and copy of the Annual Report for 2014-15 is being sent separately.
4. Shareholders are requested to bring their copy of the Notice alongwith them at the Annual General Meeting as the copies of the same will not be distributed at the meeting.



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PROXY FORM

Form No. MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management & Administration) Rules, 2014]

MODERN DAIRIES LIMITED

CIN: L74899HR1992PLC032998

Registered Office: 136 K.M., G.T. Road, Karnal - 132001 (Haryana)

Email: secretarial@moderndairies.com, **Website:** www.moderndairies.com

Phone: (0172) 2609001/2, **Fax:** (0172) 2609000

Name of the member(s): _____

Registered Address: _____

Email ID: _____

Folio No./Client ID/DPID: _____

I/We, being the member(s) of _____ holding _____ shares of above named Company, hereby appoint:-

1. Name: _____ Address: _____
Email ID: _____ Signature: _____ or failing him

2. Name: _____ Address: _____
Email ID: _____ Signature: _____ or failing him

3. Name: _____ Address: _____
Email ID: _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on **Monday, the 28th September, 2015 at 11:00 a.m** at Registered Office at : 136 K.M., G.T. Road, Karnal-132001 (Haryana) and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

1. Adoption of Audited Balance Sheet as at 31st March, 2015, Statement of Profit & Loss for the year ended on that date, and the Directors' and Auditors' Reports thereon.
2. Reappointment of Mr. Krishan Kumar Goyal (DIN: 00482035), who retires by rotation.
3. Ratification of appointment of Walker Chandiook & Co. LLP, Chartered Accountants, as Statutory Auditors and fixing their remuneration for the Financial Year 2015-16.

Special Business

4. Appointment of Dr. Renu Vig (DIN: 07234892) as a non executive Independent Director for a period of 5 years.
5. Ratification of the remuneration payable to the Cost Auditors for conducting the audit of the cost records of the Company for the Financial Year ending 31st March, 2016.
6. Approval of Material Related Party Transactions with Modern Dairyfarms Limited.

Signed this ____ day of _____ 2015

Signature of Shareholder

Signature of Proxy holder(s)

Affix
revenue
stamp
₹1

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

23rd
**ANNUAL
REPORT**

2014-15



MODERN DAIRIES LIMITED

BOARD OF DIRECTORS

Chairman & Managing Director
Mr. Krishan Kumar Goyal

Dr. Bhupendra Nath Mathur
Prof. Satish Kapoor

Dr. A.K. Vashisht

Dr. Renu Vig

Mr. Mohan Lal Sharma, Nominee Director

Mr. Satish Kumar Dua, Nominee Director

Mr. A.K. Aggarwal, Executive Director

COMPANY SECRETARY

Ms. Anubha Garg

AUDITORS

M/s. Walker Chandiook & Co. LLP
Chartered Accountants

BANKERS

Punjab National Bank

State Bank of India

Canara Bank

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CORPORATE OFFICE

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

REGISTERED OFFICE

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

REGISTRARS & SHARE TRANSFER AGENTS

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

DIRECTORS' REPORT

Dear Members,
Your Directors hereby present their 23rd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2015.

FINANCIALS

	₹ in Lacs	
Year Ended	Year Ended	Year Ended
31.03.2015	31.03.2014	31.03.2014
Net Sales and other Income	62673	64049
Operating (Loss)/ Profit	(125)	2114
Finance Cost	1790	1627
Cash (Loss)/ Profit	(1915)	487
Depreciation & Amortisation	481	701
Exceptional items	-	(1144)
(Loss)/ Profit before Tax	(2396)	930
(Loss)/ Profit after Tax	(2225)	944

PERFORMANCE

During the year under review, the Company achieved Net Sales and Other Income of ₹ 626.73 crores against ₹ 640.49 crores in the previous year. The Company faced difficult market situation right from the beginning of the fiscal. The global commodity market went into the turmoil, which continued throughout the fiscal 2014-15. This not only affected the international market but also had its impact on the domestic market.

The product prices of Milk Powders, Casein and other dairy commodities had a sharp decline. On the other hand, the major input cost i.e. Milk prices stood to its ground and did not soften up in tandem with the markets.

This resulted into Company facing operating loss of ₹ 125 Lacs as against the operating profit of ₹ 2114 Lacs, last year.

CURRENT OPERATIONS

During the quarter ending 30th June, 2015, the Company has achieved Net Sales and other Operating Income of ₹ 136.75 crores as against ₹ 163.83 crores during the same period last year. The demand of exports based products of the Company in the international market and Milk Powders in the domestic market continued to be weak in this period.

Looking to the changed market scenario the Company has reviewed its working, product mix and focus to meet the market challenges. The Company has realigned

its business strategy by adding more remunerative product mix and has decided to focus on marketing and distribution of fresh dairy products like Milk in sachets, Dahi, Lassi etc. in its own brand. We have started introducing these products in the neighbouring markets and have encouraging response. These initiatives are expected to yield better results.

MILK CESS

As the members are aware that the Company has filed a Special Leave Petition with the Hon'ble Supreme Court of India against the judgment of Hon'ble Punjab & Haryana High Court challenging imposition of Milk Cess by the Govt. of Haryana. The Hon'ble Supreme Court on 7th September, 2012, directed an interim stay of the High Court judgment and order subject to the Company's depositing 50% of the cess levied and demanded by the Government of Haryana which has been deposited with the Department within the stipulated time. The matter is expected to come up before the Hon'ble Supreme Court for hearing shortly.

OPTIONALLY CONVERTIBLE DEBENTURES

In terms of the CDR rework package Optionally Convertible Debentures were allotted by the Company to the lenders on 3rd April, 2013.

The lenders have exercised their option for conversion of OCDs into equity. Your Company has conveyed to the lenders that it cannot allot shares at a price less than ₹ 60 per share. The matter is under consideration and discussion with the lenders.

FINANCIAL ASSISTANCE

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

QUALITY, FOOD SAFETY & ENVIRONMENT STANDARDS

The Company is committed to maintain best of the management practices in its plant. In pursuit of its commitment, the Company's systems have been certified by DNV Netherlands for Quality Management Systems, Food Safety Systems and Environment Management Systems. The manufacturing facilities continue to maintain ISO 9001:2008, ISO 14001:2004, HACCP Certification and Food Safety Systems certification i.e. FSSC 22000 : 2011. Further FSSC:22000 has been upgraded to the latest version of combining ISO:22000:2005 and ISO/TS 22002/1 in July 2014.

DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Renu Vig was appointed as an Additional Independent Non Executive Director w.e.f. 1st July, 2015 by the Board of Directors of the Company and she shall hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing Dr. Renu Vig for appointment as an Independent Director.

Mr. Krishan Kumar Goyal, Chairman & Mg. Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

BOARD MEETINGS

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

DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have given a declaration under sub-section (7) of section 149 of the Companies Act, 2013 that they meet the criteria of independence as laid down under section 149 (6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

BOARD DIVERSITY AND REMUNERATION POLICY

The Company has a policy for formation of the Board to have Executive Directors and Independent Directors of diverse background to maintain the independence of the Board. As on 31st March, 2015, the Board consists of seven members out of which two are Executive Directors, two Nominee Directors and three are independent directors. The Board periodically evaluates the need for change in its composition and size.

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

AUDITORS

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

Accordingly the matter of ratification of the appointment of M/s. Walker Chandiook & Co LLP as statutory

auditors of the Company for the FY 2015-2016 shall be placed before the members. The Statutory Auditors have confirmed their eligibility to the effect that their appointment, if made would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified.

The Board of Directors have approved the appointment and remuneration of M/s. Aggarwal Vimal & Associates as Cost Auditors of the Company to conduct the cost audit for the year 2015-16 on the recommendations of the Audit Committee subject to the ratification of the remuneration by the Shareholders.

The Board has appointed M/s. Sharma Sarin & Associates, Company Secretaries, to conduct Secretarial Audit for the Financial Year 2014-15. The Secretarial Audit Report in Form MR-3 for the Financial Year ended 31st March, 2015 is annexed herewith as Annexure 'A' to this report.

AUDITOR'S REPORT

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

RISK MANAGEMENT

A detailed review of business risks and the Company's plan to mitigate them is presented to the Audit Committee and Board. The Company has been taking steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Audit Committee and Board.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the Financial Statements. During the year, such controls were tested and no reportable material weakness was observed in the design or implementation.

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

There are no adverse material changes or commitments occurring after 31st March, 2015, which may affect the financial position of the Company.

FIXED DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with Related Parties have been done at an arm's length and are in the ordinary course of business. Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of such transactions are provided in Form AOC-2 which is annexed as Annexure "B" to this report. Related Party disclosures as per AS-18 have been provided in the Notes to the Financial Statement.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS

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

HUMAN RESOURCES

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

There were no employees employed throughout the financial year or part thereof drawing remuneration as prescribed under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

EXTRACT OF ANNUAL RETURN

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

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

Information as per section 134(3) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules 2014, is given in the Annexure 'D' and forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed

- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the loss of the Company for the year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts are prepared on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPRECIATION

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

For & on behalf of the Board

Place: Chandigarh
 Dated: 8th August, 2015

Krishan Kumar Goyal
 Chairman & Mg. Director

MANAGEMENT DISCUSSION AND ANALYSIS INDUSTRY STRUCTURE & DEVELOPMENTS

The landscape of Indian Dairy industry is changing rapidly. In the F.Y. 2014-15, the milk production is reported to be 140 million tonnes with a constant growth of more than 4% CAGR. Strong farm gate prices and rising demand for value-added products is stimulating increased milk production.

The demand for packaged Milk and other value added products like branded Pasteurized Milk in different variants, Dahi and other fermented milk & other variants like Lassi, Chhach, Yoghurts, Flavored Milk, Paneer & Cheese is growing rapidly.

OPPORTUNITIES AND THREATS

Customer preferences are changing and so are their spending patterns. As a result, the share of value added branded products in overall revenues, has been rising steadily. In the last few years, branded value added

products have clocked a 15-20% growth annually. This has opened opportunities for the dairy industry to grow.

Export of dairy products from the country are always under challenge due to global commodity prices, foreign currency fluctuations and Govt. export policies.

RISK & CONCERN

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls to ensure that transactions are properly recorded, authorized and reported. The internal control systems commensurate with the nature, size and complexity of the business.

The Company has in place well documented and structured systems and procedures in line with the best of practices and well defined roles and responsibilities for people in all functions at various levels. The manufacturing facilities continue to maintain ISO 9001:2008, ISO 14001:2004, HACCP Certification and Food Safety Systems certification i.e. FSSC 22000 : 2011. Further FSSC:22000 has been upgraded to the latest version of combining ISO:22000:2005 and ISO/TS 22002/1 in July 2014.

There is adequate Management Information System. Management review meetings are held periodically to monitor and control functions of the Company. Internal audit on regular basis is carried out to ensure proper control.

FINANCIAL PERFORMANCE AND RESULTS OF OPERATIONS

During the year under review, the Company achieved Net Sales and Other Income of ₹ 626.73 crores

against ₹ 640.49 crores in the previous year. The Company faced difficult market situation right from the beginning of the fiscal. The global commodity market went into the turmoil, which continued throughout the fiscal 2014-15. This not only affected the international market but also had its impact on the domestic market.

The product prices of Milk Powders, Casein and other dairy commodities had a sharp decline. On the other hand, the major input cost i.e. Milk prices stood to its ground and did not soften up in tandem with the markets.

This resulted into Company facing operating loss of ₹ 125 Lacs as against the operating profit of ₹ 2114 Lacs, last year.

HUMAN RESOURCES

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

CAUTIONARY STATEMENT

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

For & on behalf of the Board

Place: Chandigarh

Krishan Kumar Goyal

Dated: 8th August, 2015

Chairman & Mg. Director

ANNEXURE 'A' to Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

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

To,
The Members,
Modern Dairies Limited

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

Based on our verification of the Modern Dairies Limited, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, forms and returns filed and other records maintained by Modern Dairies Limited for the Financial Year ended on 31st March, 2015, 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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other laws as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/industry is;
 - (a) Food Safety and Standards Authority Act, 2006

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

- (i) Secretarial standards issued by The Institute of Company Secretaries of India. - Not applicable for the year 2014-15.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Ltd. (BSE).

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

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

- a. Women Director was appointed on 1st July, 2015.
- b. Resolution under section 180(1)(a) & 186 of the Companies Act, 2013 was passed through electronic voting.
- c. Following forms have not been filed by the Company on MCA Portal:
Company has appointed CFO but Form MR-1 for appointment of CFO has not been filed.

We further report that:

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

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

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

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

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

Place: Chandigarh for Sharma Sarin & Associates
Date: 8th August, 2015

GS Sarin
Partner
FCS No: 4025
CP No: 2751

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

'Annexure a'

To,
The Members
Modern Dairies Limited

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

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

Place: Chandigarh for Sharma Sarin & Associates
Date: 8th August, 2015

GS Sarin
Partner
FCS No: 4025
CP No: 2751

ANNEXURE 'B' to Directors' Report
Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
No such contract or arrangement.
2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	Modern Dairyfarms Limited Related Party
(b) Nature of contracts/arrangements/transactions	Purchase of raw material
(c) Duration of the contracts / arrangements/transactions	The contract is for five years.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	In line with the prevailing market prices and at arms length basis
(e) Date(s) of approval by the Board, if any	At quarterly Board meetings
(f) Amount paid as advances, if any:	Nil

For & on behalf of the Board

Place: Chandigarh
Dated: 8th August, 2015

Krishan Kumar Goyal
Chairman & Mg. Director

ANNEXURE 'C' to Directors' Report
Form No. MGT-9
EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Name and Description of main products	NIC Code of the Product	% to total turnover of the company
1. Liquid Milk	04012000	38.39
2. Ghee	04059002	25.65
3. SMP	04021000	11.61

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL

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 31 st March, 2014)				No. of shares held at the end of the year (as on 31 st March, 2015)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	6501887	1432000	7933887	34.02%	6501887	1432000	7933887	34.02%	-
b) Bodies Corp.	771892	1949000	2720892	11.67%	771892	1949000	2720892	11.67%	-
Total Shareholding of Promoter (A)	7273779	3381000	10654779	45.69%	7273779	3381000	10654779	45.69%	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	9400	9400	0.04%	-	9400	9400	0.04%	-
b) Others - FFI (IFC)	4639620	-	4639620	19.90%	4221620	-	4221620	18.10%	-1.79%
Sub-total (B) (1)	4639620	9400	4649020	19.94%	4221620	9400	4231020	18.14%	-1.79%
(2) Non-Institutions									
a) Bodies Corp - Indian	525764	16200	541964	2.32%	745139	15100	760239	3.26%	0.94%
b) Individual shareholders									
i) Holding nominal share capital upto ₹ 1 lakh	3508255	1833778	5342033	22.91%	3396436	1794777	5191213	22.26%	-0.65%
ii) Holding nominal share capital in excess of ₹ 1 lakh	1948653	12600	1961253	8.41%	1902449	12600	1915049	8.21%	-0.20%
c) Others - NRIs	83012	87800	170812	0.73%	482161	85400	567561	2.43%	1.70%
Sub-total (B) (2)	6065684	1950378	8016062	34.37%	6526185	1907877	8434062	36.17%	1.79%
Total Public Shareholding (B) = (B) (1) + (B) (2)	10705304	1959778	12665082	54.31%	10747805	1917277	12665082	54.31%	-
Grand Total (A + B)	17979083	5340778	23319861	100.00%	18021584	5298277	23319861	100.0%	-

(ii) Shareholding of Promoters

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

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

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

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

Name of the shareholder	Shareholding at the beginning of the year		Sales during the year	Purchases during the year	Cumulative shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	No. of shares	No. of shares	% of total shares of the company
1. International Finance Corporation	4639620	19.90%	(418000)	-	4221620	18.10%
2. Suresh Poonati	81501	0.35%	(520706)	813442	374237	1.60%
3. Vijay Laxmi	200000	0.86%	-	-	200000	0.86%
4. Ajay Goyal	132371	0.57%	-	-	132371	0.57%
5. Vijay Garg	125089	0.54%	-	-	125089	0.54%
6. Usha Singal	122287	0.52%	-	-	122287	0.52%
7. Arcadia Share & Stock Broker P Ltd	1680	0.01%	-	103230	104910	0.45%
8. Sanjay Goyal	78644	0.34%	-	-	78644	0.34%
9. Veenu Garg	75565	0.32%	-	-	75565	0.32%
10. Dolly Khanna	55607	0.24%	-	-	55607	0.24%

(v) Shareholding of Directors and Key Managerial Personnel:

Mr. Krishan Kumar Goyal (Chairman & Managing Director) and Mr. Ashwani Kumar Aggarwal (Executive Director) hold 2295943 and 400 shares respectively at the beginning and at the end of the year. Mr. Mukesh Sehgal, GM (Corporate Finance) and CFO and Ms. Anubha Garg, Company Secretary hold Nil equity shares at the beginning and at the end of the year. There was no increase or decrease in the shareholding of Directors or KMP during the year.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5993.78	5564.33	-	11558.11
ii) Interest due but not paid	69.79	-	-	69.79
iii) Interest accrued but not due	29.34	-	-	29.34
Total (i+ii+iii)	6092.91	5564.33	-	11657.24
Change in Indebtedness during the financial year				
- Addition	-	58.53	-	58.53
- Reduction	348.59	-	-	348.59
Net Change	-348.59	58.53	-	-290.06
Indebtedness at the end of the financial year				
i) Principal Amount	5510.84	5622.86	-	11133.70
ii) Interest due but not paid	134.67	-	-	134.67
iii) Interest accrued but not due	98.81	-	-	98.81
Total (i+ii+iii)	5744.32	5622.86	-	11367.18

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For & on behalf of the Board

Place: Chandigarh
Dated: 8th August, 2015

Krishan Kumar Goyal
Chairman & Mg. Director

ANNEXURE 'D' to Directors' Report

Information as per section 134 read with Rule 8 of Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2015

FORM 'A'

A) POWER AND FUEL CONSUMPTION

	Current year 2014-15	Previous Year 2013-14
POWER		
a) Electricity Power		
Purchase Units (Kwh)	18275880	18666420
Total Amount ₹	139498662	118738531
Rate per Unit ₹	7.63	6.36
b) Other Generation Through Diesel Generator		
Unit (Kwh)	125490	156536
Total Amount ₹	2358747	2666317
Unit per litre of Diesel Oil	3.08	3.27
Cost / Unit ₹	18.80	17.03
FUEL		
Quantity (MT)	27316	26035
Total Amount ₹	101955969	98912417
Rate / Unit ₹ per MT	3732.46	3799.20

B) CONSUMPTION PER UNIT OF PRODUCTION

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

Unit per 1000 kgs. of milk processed

Electricity (kwh)	96.71	96.89
Fuel Quantity (Kgs.)	129.46	124.52

NOTE :

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

FORM 'B'

1. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

2. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For & on behalf of the Board

Place : Chandigarh
Dated : 8th August, 2015

Krishan Kumar Goyal
Chairman & Mg. Director

CORPORATE GOVERNANCE REPORT

In line with the requirement for providing a "Report on Corporate Governance" as per Clause 49 of the revised Listing Agreement of the Stock Exchange as applicable, given below is a report on Company's Corporate Governance norms.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

1. BOARD OF DIRECTORS

A. Composition of the Board of Directors

A list of Directors including the Chairman of the Board and their status as executive / non-executive and independent / non-independent for the year ended 31st March, 2015 is set out below:-

Name of the Director	Category of the Director	No. of Board meetings attended	No. of other Directorships in Public Company	No. of Committee positions held		Last AGM attended
				Chairman	Member	
Mr. Krishan Kumar Goyal	Chairman & Mg. Director Non Independent (Promoter) Director	4	3	-	-	Yes
Dr. Bhupendra Nath Mathur	Non Executive Independent Director	3	-	-	2	No
Prof. Satish Kapoor	Non Executive Independent Director	2	-	2	-	Yes
Dr. A.K. Vashisht	Non Executive Independent Director	4	-	-	1	No
Mr. Ashok Kumar Gupta**	Non Executive (Nominee) Director	1	4	-	-	N/A
Mr. Satish Kumar Dua**	Non Executive (Nominee) Director	1	4	-	-	No
Mr. Mohan Lal Sharma	Non Executive (Nominee) Director	2	1	-	-	Yes
Mr. A.K. Aggarwal	Non Independent Executive Director	4	-	-	2	Yes
Dr. P.K. Jain***	Executive Non Independent Director (Admn. & Milk Procurement)	1	-	-	-	N/A

* Dr. Renu Vig has been appointed as an Additional Independent Non-Executive Director on the Board of Directors of the Company w.e.f. 1st July, 2015.

** Mr. Satish Kumar Dua was appointed as Nominee Director of Punjab National Bank w.e.f. 11th August, 2014 in place of Mr. Ashok Kumar Gupta whose nomination was withdrawn by Punjab National Bank.

*** Dr. Pradeep Kumar Jain retired as Director (Admn. & Milk Procurement) of the Company upon completion of his term and was relieved w.e.f. 30th July, 2014.

Note: In accordance with provisions of Listing Agreement membership / Chairmanship of only Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies (listed / unlisted) have been considered.

B. Board Meeting and Attendance

During the financial year ended 31st March, 2015, four meetings of Board of Directors were held. The details of Board Meetings held during the year are as under:-

Date of Board Meeting	Board's Strength	No. of Directors Present
17 th May, 2014	8	7
11 th August, 2014	7	4
12 th November, 2014	7	7
11 th February, 2015	7	4

C. Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc, are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation feed back reports, information on Senior Level appointments just below the Board Level and minutes of all Committee Meetings.

The information as required under Corporate Governance is being made available to the Board as and when applicable.

2. COMMITTEES OF THE BOARD**A. Audit Committee**

- a.
 - i. The Company has an Audit Committee as per provisions of the Listing Agreement and under Section 177 of the Companies Act, 2013. Prof. Satish Kapoor, Dr. Bhupendra Nath Mathur, Dr. A.K. Vashisht and Mr. A.K. Aggarwal are the members of the Committee.
 - ii. The Chairperson of the Audit Committee, Prof. Satish Kapoor is a Non Executive Independent Director.
 - iii. All of the above Directors are financially literate and have accounting and related financial management expertise.
 - iv. The Chairman of the Audit Committee was present at the last Annual General Meeting to answer the Shareholders queries.
 - v. The Company Secretary of the Company is the Secretary of the Audit Committee.
- b. The Committee met 4 times during the year on 17th May 2014, 11th August 2014, 12th November 2014 and 11th February 2015. The status of attendance of members at the Audit Committee was as under:

Name of Director	No. of Meetings held	No. of Meetings attended
Prof. Satish Kapoor	4	2
Dr. Bhupendra Nath Mathur	4	3
Dr. A.K. Vashisht	4	4
Mr. A.K. Aggarwal *	4	2

* Mr. A.K. Aggarwal is a member of Audit Committee w.e.f. 11th August, 2014.

c. Terms of reference of Audit Committee

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

d. Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:

- i. To investigate any activity within its terms of reference.
- ii. To seek information from any employee.
- iii. To obtain outside legal or other professional advice.
- iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

e. Role of Audit Committee

The role of the Audit Committee shall include the following:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the Company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as provided in Clause 49(VII) of the Listing Agreement.

f. Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations.
- ii. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors.
- iv. Internal audit reports relating to internal control weaknesses, and
- v. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

B. Nomination and Remuneration Committee

The Company has constituted a Nomination and Remuneration Committee as per section 178 of the Companies Act, 2013 and the Listing agreement. The Terms of reference of the Committee are as follows-

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

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

Chairman of the Committee Dr. Bhupendra Nath Mathur is a non executive independent Director. The power and role of the Nomination and Remuneration Committee is as per guidelines set out in the Listing Agreement.

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

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

During the year, one meeting of the Committee was held on 11th August, 2014.

Remuneration Policy

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

Details of Remuneration paid to the Directors during the Financial year ended 31st March, 2015 Amount in ₹

Name of the Director	Salary	Perquisites & other benefits	Performance bonus/ commission	Gratuity	Stock Option	Sitting Fee*	Total
Mr. Krishan Kumar Goyal	3000000	-	-	-	-	-	3000000
Dr. Bhupendra Nath Mathur	-	-	-	-	-	100000	100000
Prof. Satish Kapoor	-	-	-	-	-	70000	70000
Dr. A.K. Vashisht	-	-	-	-	-	100000	100000
Mr. Ashok Kumar Gupta**	-	-	-	-	-	10000	10000
Mr. Satish Kumar Dua**	-	-	-	-	-	10000	10000
Mr. Mohan Lal Sharma	-	-	-	-	-	20000	20000
Mr. A.K. Aggarwal	2520000	149941	-	-	-	-	2669941
Dr. P.K. Jain***	396000	36652	-	1000000	-	-	1432652

* The sitting fee for attending the Board meeting has been increased from ₹ 10,000 to ₹ 20,000 per meeting w.e.f 8th August, 2015. The sitting fee for the Committee of Directors meeting remains unchanged i.e. ₹ 10,000 per meeting.

** Mr. Satish Kumar Dua was appointed as Nominee Director of Punjab National Bank w.e.f. 11th August, 2014 in place of Mr. Ashok Kumar Gupta whose nomination was withdrawn by Punjab National Bank.

*** Dr. Pradeep Kumar Jain retired as Director (Admn. & Milk Procurement) of the Company upon completion of his term and was relieved w.e.f. 30th July, 2014.

C. Stakeholders Relationship Committee

The Company has formed a Stakeholders Relationship Committee under the Chairmanship of a non Executive Director. The list of present members and the Chairman of the Committee is as follows:

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

The functioning and terms of reference of the Committee are as prescribed under the Listing Agreement with the Stock Exchange. The Committee specifically looks into the redressal of grievances of shareholders, debenture holders and other investors. The Committee considers and resolves the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of Balance Sheet.

Meetings of this Committee were held on 17th May 2014, 11th August 2014, 12th November 2014 and 11th February 2015.

The Company attends to the investors' grievances/correspondence expeditiously and usually a reply is sent within 10 days of receipt of letter, except in cases that are constrained by dispute or legal impediment.

Stakeholders Relationship Committee has received 14 Shareholder Complaints and all the complaints were resolved to the satisfaction of Shareholders and Nil complaints were pending at the end of the year.

D. Share Transfer Committee

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

E. Allotment Committee

The Company has formed an Allotment Committee under the Chairmanship of a non Executive Director. The list of present members and the Chairman of the Committee is as follows:

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

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

F. Banking & Finance Committee

The Company has formed a Banking & Finance Committee under the chairmanship of a non executive Director. The list of present members and the Chairman of the Committee is as follows:

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

During the year, two Meetings of the Committee were held on 30th July, 2014 and 30th September, 2014.

3. Ms. Anubha Garg, Company Secretary is the Compliance Officer of the Company.
4. Details of last three Annual General Meetings (AGMs)

Financial Year	Location	Date	Time
2011-12	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	26 th September, 2012	11.00 A.M.
2012-13	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	18 th September, 2013	11.00 A.M.
2013-14	Registered office : 136 KM., G.T. Road, Karnal 132 001 (Haryana)	24 th September, 2014	11.00 A.M.

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

Special Resolutions passed in previous three AGMs:

- (i) In the 20th AGM dated 26th September, 2012, Special Resolution passed for:-
- approval to create, offer, issue and allot Optionally Convertible Debentures (OCDs) carrying a coupon rate of 0.001% to the CDR Lenders in terms of the CDR rework package.
 - approval of appointment & remuneration of Mr. Krishan Kumar Goyal as Chairman & Managing Director of the Company for a period of 3 years w.e.f. 16th July, 2012.
 - approval of reappointment & revised remuneration of Mr. Ashwani Kumar Aggarwal as Executive Director for a period of 3 years w.e.f 16th November, 2012.
- (ii) In the 22nd AGM dated 24th September, 2014, Special Resolution passed for:-
- Appointment of Mr. Krishan Kumar Goyal as Chairman & Managing Director of the Company.
 - Appointment of Mr. Ashwani Kumar Aggarwal as Executive Director of the Company.
 - Approval under Section 180(1)(c) of the Companies Act, 2013 regarding borrowing powers to the Board of Directors.
 - Approval under Section 180(1)(a) of the Companies Act, 2013 for mortgaging and/or charging, the whole or substantially the whole of the Company's undertakings in favour of the Lenders, Financial Institutions, Banks, Agents and/or Trustees etc.
 - Approval under section 186 regarding powers to the Board of Directors to invest.

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

5. DISCLOSURES

- The Company has a long term milk supply agreement with Modern Dairyfarms Limited at an arms length basis.
- There has been no non-compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

6. MEANS OF COMMUNICATION

The quarterly/half yearly/ yearly results of the Company and information relating to Annual General Meeting, Book Closures is published in Financial Express and Aaj Samaj i.e. in English and regional language newspapers and is also notified to the Stock Exchange as required under the Listing Agreement. In addition, the Company also files quarterly results, Shareholding Pattern etc. in such form so as to enable Stock Exchange to put it on their website.

BSE Corporate Compliance & Listing Centre: BSE's Listing Centre is a web-based application designed for Corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance report, media releases, among others are also filed electronically on the Listing Centre.

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

GENERAL SHAREHOLDER INFORMATION

1. Company Registration Details:-

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

2. Annual General Meeting:-

Day, Date & Time : Monday, the 28th September, 2015 at 11:00 a.m
 Venue : 136 K.M., G.T. Road, Karnal 132 001 (Haryana)

3. Financial Calendar for:-

Adoption of Results for the quarter/period ended:-	In the Month of (tentative)
30 th June, 2015	8 th August, 2015 (already held)
30 th September, 2015	November, 2015 (2 nd week)
31 st December, 2015	February, 2016 (2 nd Week)
31 st March, 2016	May, 2016
Annual General Meeting	By September, 2016



MODERN DAIRIES LIMITED

4. Book Closure Date:-

From 22nd September, 2015 to 28th September, 2015 (both days inclusive)

5. Listing on Stock Exchanges:-

Your Company's shares are listed at Bombay Stock Exchange Limited.

6. Stock Code:-

BSE : 519287

ISIN No.

Equity : INE617B01011

Optionally Convertible Debentures (OCDs): INE617B08016

7. Stock Data:-

Month	MODERN DAIRIES LTD. ON BSE				BSE SENSEX		
	High ₹	Low ₹	Close ₹	Volume	High	Low	Close
2014							
April	14.48	11.12	12.83	268188	22939.31	22197.51	22417.80
May	21.86	12.00	17.13	1058116	25375.63	22277.04	24217.34
June	20.45	15.30	17.85	698697	25725.12	24270.20	25413.78
July	19.85	16.80	17.90	419529	26300.17	24892.00	25894.97
August	20.15	15.55	17.35	489059	26674.38	25232.82	26638.11
September	21.50	15.90	16.65	528091	27354.99	26220.49	26630.51
October	18.75	15.15	17.50	201536	27894.32	25910.77	27865.83
November	22.50	16.50	17.40	1531876	28822.37	27739.56	28693.99
December	20.00	13.95	17.20	271395	28809.64	26469.42	27499.42
2015							
January	17.70	13.55	15.20	303808	29844.16	26776.12	29182.95
February	15.60	13.35	14.40	396580	29560.32	28044.49	29361.50
March	14.45	10.81	11.73	298292	30024.74	27248.45	27957.49

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

M/s. MCS Share Transfer Agent Limited,

F-65, 1st Floor Okhla Industrial Area, Phase-I, New Delhi 110 020.

Tel. No.: +91-11- 41406149, Fax No.: +91-11-41709881

E-mail : admin@mcsdel.com, Website: www.mcsdel.com

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

9. Shareholding Pattern of the Company as on 31st March, 2015:-

Category	No. of shares held	%age of shareholding
1. Promoters & Promoter Group	10654779	45.69
2. Mutual Funds and UTI	9400	0.04
3. Foreign Financial Institution	4221620	18.10
4. Bodies Corporate (not included above)	760239	3.26
5. Indian Public	7106262	30.47
6. NRIs/OCBs	567561	2.44
TOTAL	23319861	100.00

10. Distribution of Shareholding as on 31st March, 2015 :-

SHAREHOLDING (₹)		SHAREHOLDERS		NO. OF SHARES	
From	To	Number	% of total	Number	% of total
upto	5000	11416	84.55%	2512743	10.78%
5001	10000	1211	8.97%	978534	4.20%
10001	20000	445	3.30%	688781	2.95%
20001	30000	138	1.02%	352262	1.51%
30001	40000	57	0.42%	202360	0.87%
40001	50000	57	0.42%	268799	1.15%
50001	100000	76	0.56%	580353	2.49%
100001	and above	102	0.76%	17736029	76.05%
Total		13502	100.00%	23319861	100.00%

11. Dematerialisation of Shares:-

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

Share Dematerialisation record: The following data indicates the extent of Dematerialisation of Company's shares as on 31st March, 2015.

No. of Shares : 18021584	77.28 % of the total equity.
---------------------------------	-------------------------------------

12. Plant Location of the Company:-

136 K.M., G.T. Road, Karnal 132 001(Haryana), Tel.: +91-1745-242901-03, Fax: +91-1745-242900

13. Investors Correspondence:-

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

Modern Dairies Limited
S.C.O. 98-99, Sub City Centre,
Sector 34, Chandigarh-160 022.
Tel.:+91-172-2609001,2609002,2609003
Fax.: +91-172- 2609000
E-mail: secretarial@moderndairies.com
Company's Website: www.moderndairies.com

M/s. MCS Share Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area
Phase-I, New Delhi 110 020
Tel.No.: +91-11- 41406149
Fax No.: +91-11- 41709881
E-mail : admin@mcsdel.com
Website : www.mcsdel.com



Declaration under Clause 49 II (E) (2) by the Executive Director, of affirmation by the Board of Directors and Senior Management of compliance with code of conduct.

The Shareholders,

I, A.K. Aggarwal, Executive Director of the Company do hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct adopted by the Board of Directors, as applicable to the Board of Directors and Senior Management of the Company.

Place : Chandigarh
Date : 29th May, 2015

Sd/-
A. K. Aggarwal
Executive Director

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members
Modern Dairies Limited

We have examined the compliance of conditions of Corporate Governance by Modern Dairies Limited for the financial year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the Company entered with the Bombay Stock Exchange Limited.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no Investor Grievance was pending for a period exceeding one month against the Company as per the records maintained and produced before us by the Company.

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

For Sharma Sarin & Associates
Company Secretaries

Place : Chandigarh
Date : 8th August, 2015

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

INDEPENDENT AUDITOR'S REPORT

To

The Members of Modern Dairies Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Modern Dairies Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its loss and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note XXIX (b) and XXX to the accompanying financial statements, which describes the uncertainty related to the outcome of the pending litigation in connection with the levy of Milk Cess and interest thereon under the provisions of 'The Haryana Murrah Buffalo and Other Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001, and indicates that as at 31st March, 2015 the net worth of the Company is fully eroded. These conditions, along with other matters as set forth in Note XXIX (b) and XXX, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;

- d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of the written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. as detailed in Note XXIX (a), XXIX (b) and XXIX (c) to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii) (a) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

For **Walker Chandiook & Co LLP**
 (Formerly Walker, Chandiook & Co)
 Chartered Accountants
 Firm's Registration No.: 001076N/N500013

per **Sumit Mahajan** Partner
 M. No.: 504822

Place: Chandigarh
 Date: 29th May, 2015

Annexure to the Independent Auditor's Report of even date to the members of Modern Dairies Limited, on the financial statements for the year ended 31st March, 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

Name of the statute	Nature of dues	Amount ₹ in lacs	Amount Paid Under Protest (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
The Haryana Murrah Buffalo and Other Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001	Milk cess	15,02.99	5,91.00	2001-02 to 2014-15	Hon'ble Supreme Court of India
The Haryana Murrah Buffalo and Other Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001	Interest on milk cess	14,95.87	-	2001-02 to 2014-15	Hon'ble Supreme Court of India
Central Excise Tax, 1944	CENVAT credit, interest	82.40	82.40	2005-06	Custom Excise and Service Tax Appellate Tribunal, New Delhi
Central Excise Tax, 1944	CENVAT credit, interest	1,78.85	15.00	2007-08 to 2009-10	Custom Excise and Service Tax Appellate Tribunal, New Delhi
Customs Act, 1962	Penalty and redemption fine	10.60	10.60	2011-12	Custom Excise and Service Tax Appellate Tribunal, New Delhi
Haryana Tax on Entry of Goods into Local Areas Act, 2003	Entry tax	1,16.50	-	2007-08 to 2014-15	Hon'ble Supreme Court of India
Income Tax Act, 1961	Income tax	11.41	6.06	AY 2006-07, 2008-09 and 2009-10	Income Tax Appellant Tribunal, New Delhi and Commissioner of Income Tax (CIT), Gurgaon

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under. Accordingly, the provisions of clause 3(vii) (c) of the Order are not applicable.

(viii) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses in the current financial year; however, in

the immediately preceding financial year the company had not incurred cash losses.

(ix) There are no dues payable to financial institutions or debenture-holders. During the year ended 31st March, 2015, the Company has defaulted on timely repayment of principal and payment of interest on term loans and corporate loans to banks. The delay with respect to interest and principal on term loans, upto 30 days amounted to ₹ 95,09,695 and ₹ 26,00,000, respectively; the delay between 31 to 90 days amounted to ₹ 1,16,15,089 and ₹ 1,12,99,614 respectively. The delay with respect to interest and principal on corporate loans, upto 30 days amounted to ₹ 56,04,090 and Nil, respectively; the delay between 31 to 90 days amounted to ₹ 27,61,592 and ₹ 44,77,073 respectively.

Apart from above, as at the year end, the interest outstanding on term loans amounting to ₹ 97,96,745 and on corporate loans amounted to ₹ 36,70,170 has not been paid till 31st March 2015. As at the balance sheet date, the periods of delay in these cases were upto 60 days.

(x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.

(xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xii) According to the information & explanations given to us, no fraud on or by the Company has been noticed or reported during the period covered by our audit except for an instance as detailed in note XXXVII to the financial statements, identified by the management, wherein an employee of the Company was found to be involved in preparing inappropriate report on the quality test carried out by him on raw milk purchased from a vendor. The management is in the process of quantifying its impact, however, as per the information and explanations given to us, such amount is not expected to be material. Further, the management has filed a first information report with Police department against the employee and the vendor, has terminated the services of such employee, discontinued business with such vendor and is in the process of taking necessary steps for ensuring appropriate recoveries.

For **Walker Chandiook & Co LLP**
(Formerly Walker, Chandiook & Co)
Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumit Mahajan**

Partner

M. No.: 504822

Place : Chandigarh
Date : 29th May, 2015

BALANCE SHEET AS AT MARCH 31, 2015

	Notes	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
a) Share capital	III	23,35.89	23,35.89
b) Reserves and surplus	IV	<u>(57,04.54)</u>	<u>(34,66.50)</u>
		<u>(33,68.65)</u>	<u>(11,30.61)</u>
2 Non-current liabilities			
a) Long-term borrowings	V	97,12.07	1,09,26.17
b) Deferred tax liabilities (net)	VI	12.83	1,89.18
c) Long-term provisions	VII	67.31	58.31
		<u>97,92.21</u>	<u>1,11,73.66</u>
3 Current liabilities			
a) Short-term borrowings	VIII	68,18.34	63,78.80
b) Trade payables	IX	29,69.01	18,67.41
c) Other current liabilities	X	21,80.27	10,10.85
d) Short-term provisions	XI	15,28.25	14,17.66
		<u>1,34,95.87</u>	<u>1,06,74.72</u>
Total		<u>1,99,19.43</u>	<u>2,07,17.77</u>
II ASSETS			
1 Non-current assets			
a) Fixed assets	XII		
Tangible assets		81,68.99	84,32.53
Intangible assets		2.22	1.33
Capital Work in Progress		19.74	12.76
b) Non-current investments	XIII	1.16	1.29
c) Long-term loans and advances	XIV	1,32.28	1,08.64
		<u>83,24.39</u>	<u>85,56.55</u>
2 Current assets			
a) Inventories	XV	74,39.89	78,88.45
b) Trade receivables	XVI	31,38.20	21,36.92
c) Cash and bank balances	XVII	45.93	1,54.14
d) Short-term loans and advances	XVIII	9,71.02	19,81.71
		<u>1,15,95.04</u>	<u>1,21,61.22</u>
Total		<u>1,99,19.43</u>	<u>2,07,17.77</u>

Notes I to XL form an integral part of these Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiook & Co LLP**
(formerly Walker, Chandiook & Co)
Chartered Accountants

per **Sumit Mahajan**
Partner

A K Aggarwal
Director
(DIN: 00486430)

Mukesh Sehgal
GM (Corporate Finance) & CFO

For & on behalf of the Board of Directors

Satish Kapoor
Director
(DIN: 00009122)

Anubha Garg
Company Secretary

Place : Chandigarh
Date : 29th May, 2015

Place : Chandigarh
Date : 29th May, 2015

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Notes	For the year ended March 31, 2015 Amount in ₹ Lacs	For the year ended March 31, 2014 Amount in ₹ Lacs
REVENUE			
Revenue from operations (gross)	XIX	6,29,29.07	6,42,90.62
Less : Excise duty		3,94.43	4,59.66
Revenue from operations (net)		6,25,34.64	6,38,30.96
Other income	XX	1,38.68	2,18.15
Total		6,26,73.32	6,40,49.11
EXPENSES			
Cost of materials consumed	XXI	5,76,40.59	5,75,41.26
Changes in inventories of finished goods, work-in-progress and traded goods	XXII	4,93.53	(3,28.78)
Employee benefit expenses	XXIII	7,67.06	7,50.17
Finance costs	XXIV	17,90.47	16,27.02
Depreciation and amortisation expense	XXV	4,80.80	7,00.61
Other expenses	XXVI	39,16.01	39,79.73
Prior period expenses	XXVII	(18.95)	(6.89)
Total		6,50,69.51	6,42,63.12
Loss before exceptional items and tax		(23,96.19)	(2,14.01)
Exceptional items	XXVIII	-	(11,44.36)
(Loss)/Profit before tax		(23,96.19)	9,30.35
Tax expense			
Deferred tax credit		(1,70.73)	(14.12)
(Loss)/Profit for the year		(22,25.46)	9,44.47
(Loss)/Earnings per share	XXXIII		
Basic		(9.54)	4.05
Diluted		(9.54)	1.29
Notes I to XL form an integral part of these Financial Statements.			

This is the statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**

(formerly Walker, Chandiok & Co)

Chartered Accountants

per **Sumit Mahajan**

Partner

For & on behalf of the Board of Directors

Satish Kapoor

Director

(DIN: 00009122)

A K Aggarwal

Director

(DIN: 00486430)

Mukesh Sehgal

GM (Corporate Finance) & CFO

Anubha Garg

Company Secretary

Place : Chandigarh

Date : 29th May, 2015

Place : Chandigarh

Date : 29th May, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
A Cash flow from Operating Activities :-		
(Loss)/ Profit before tax	(23,96.19)	9,30.35
Adjustments for:		
Depreciation and amortisation	4,80.80	7,00.61
Loss on sale/discard of fixed assets	-	0.37
Provision for milk cess	1,19.79	1,19.79
Liabilities written back	(25.76)	(9.40)
Interest expense	17,25.21	15,55.80
Employee benefits	(0.20)	11.30
Operating (loss)/profit before working capital changes	<u>(96.35)</u>	<u>33,08.82</u>
Adjustments for:		
Increase in long-term loans and advances	(23.64)	(1.16)
Increase /(decrease) in long-term provisions	9.00	(0.26)
Increase /(decrease) in trade payables	11,27.36	(22,00.06)
Increase /(decrease) other current liabilities	3,79.69	(4,22.47)
Decrease in short-term provisions	(9.00)	(11,44.11)
Decrease/(increase) in inventories	4,48.56	(3,36.97)
(Increase)/decrease in trade receivables	(10,01.28)	10,27.79
Decrease/(increase) in short term loans and advances	10,10.69	(9,41.96)
	<u>19,41.38</u>	<u>(40,19.20)</u>
Cash from/(used in) Operations	<u>18,45.03</u>	<u>(7,10.38)</u>
Net cash generated from/(used in) operating activities	<u>18,45.03</u>	<u>(7,10.38)</u>
B Cash flow from investing activities :		
Purchase of fixed assets	(2,36.32)	(1,05.02)
Sale of non-current investments	0.13	-
Proceeds from sale of fixed assets	-	1.90
Increase in CWIP	(6.98)	(12.76)
Net cash used in investing activities	<u>(2,43.17)</u>	<u>(1,15.88)</u>
C Cash flow from financing activities		
Repayment of Long-term borrowings	(4,24.40)	(62.91)
Proceeds from working capital borrowings from banks	4,39.54	23,24.35
Amount raised from unsecured loans	-	48.04
Interest Paid	(17,25.21)	(14,69.71)
Net Cash generated (used in)/from financing activities	<u>(17,10.07)</u>	<u>8,39.77</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,08.22)</u>	<u>13.51</u>
Cash and cash equivalents at the beginning of the year	1,54.14	1,40.63
Cash and cash equivalents at the end of the year	45.93	1,54.14
Components of cash and cash equivalents :-		
Cash in hand	14.35	12.86
Balances with Scheduled Banks		
In current accounts	31.58	1,41.28
Cash & cash equivalents in cash flow statement:	45.93	1,54.14
a) Cash flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard -3 on Cash Flow Statements notified by Companies (Accounting Standards) Rules, 2006 (as amended).		
b) Negative figures have been shown in brackets.		
Notes I to XL form an integral part of these financial statements.		
This is the Cash Flow Statement referred to in our report of even date.	For & on behalf of the Board of Directors	
For Walker ChandioK & Co LLP (formerly Walker, ChandioK & Co) Chartered Accountants	A K Aggarwal Director (DIN: 00486430)	Satish Kapoor Director (DIN: 00009122)
per Sumit Mahajan Partner	Mukesh Sehgal GM (Corporate Finance) & CFO	Anubha Garg Company Secretary
Place : Chandigarh Date : 29 th May, 2015		Place : Chandigarh Date : 29 th May, 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

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

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

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

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

(ii) Use of estimates

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

(iii) Fixed assets*Tangible assets*

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

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

Intangible assets

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

(iv) Depreciation and amortization

Depreciation on fixed assets for the year ended 31st March, 2014 is provided on straight line method as per the useful life of assets estimated by the management, which correspond to the rates prescribed under Schedule XIV of the Companies Act, 1956.

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

Revised useful lives of assets are as below:

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

(v) Investments

- Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Current investments are carried at lower of cost and Fair value determined on an individual investment basis. Long-term investments are carried at cost; however, provision for diminution in value is made to record other than temporary diminution in the value of such investments.

Profit/Loss on sale of investments is computed with reference to their average cost of investments.

(vi) Inventories**Inventories are valued as follows:****a) Raw materials, packing materials, store and spare parts**

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

b) Work-in Progress and Finished goods

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

c) By-Products

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

(vii) Revenue recognition

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

Sale of goods

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

Interest income

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

Dividends

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

Export benefit/incentives

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

(viii) Foreign exchange transactions

Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment. Transactions in foreign currencies are recorded at the rates prevailing on the date of the transaction and monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date.

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

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

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

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

(ix) Employee benefits

Contribution to Provident Fund

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

Gratuity

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

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

Compensated absences

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

(x) Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflect the impact of current year timing differences between the taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised in situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unorganized deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such right-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax ('MAT') credit 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. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'), 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 Company will pay normal income-tax during the specified period.

(xi) Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a

- i) Possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- ii) Present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- (iii) Present obligation, where a reliable estimate cannot be made.

(xii) Earnings per share

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

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

(xiii) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(xiv) Government grants and subsidies

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

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

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

(xv) Cash and cash equivalents

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

NOTE: III**SHARE CAPITAL**

	As at March 31, 2015		As at March 31, 2014			
	Number	Amount in ₹ Lacs	Number	Amount in ₹ Lacs		
Authorised share capital						
Equity shares of ₹ 10 each	30000000	30,00.00	30000000	30,00.00		
	<u>30000000</u>	<u>30,00.00</u>	<u>30000000</u>	<u>30,00.00</u>		
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	23319861	23,31.99	23319861	23,31.99		
	<u>23319861</u>	<u>23,31.99</u>	<u>23319861</u>	<u>23,31.99</u>		
Forfeited shares						
Amount originally paid up	76900	3.90	76900	3.90		
Total	<u>23396761</u>	<u>23,35.89</u>	<u>23396761</u>	<u>23,35.89</u>		
(a) The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.						
(b) Reconciliation of share capital (Equity)	Number	Amount in ₹ Lacs	Number	Amount in ₹ Lacs		
Balance at the beginning of the year	23396761	23,35.89	23396761	23,35.89		
Add : Issued during the year	-	-	-	-		
Balance at the end of the year	<u>23396761</u>	<u>23,35.89</u>	<u>23396761</u>	<u>23,35.89</u>		
(c) Shareholders holding more than 5% of the shares	Number	Amount in ₹ Lacs	% holding	Number	Amount in ₹ Lacs	% holding
Equity shares of ₹ 10 each						
International Finance Corporation	4221620	4,22.16	18.04%	4639620	4,63.96	19.83%
Alka Goyal	2828972	2,82.90	12.09%	2828972	2,82.90	12.09%
Krishan Kumar Goyal	2295943	2,29.59	9.81%	2295943	2,29.59	9.81%
Krishan Kumar Goyal (HUF)	1280000	1,28.00	5.47%	1280000	1,28.00	5.47%
	<u>10626535</u>	<u>10,62.65</u>	<u>45.42%</u>	<u>11044535</u>	<u>11,04.45</u>	<u>47.21%</u>
(d) Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back during the last 5 years to be given for each class of shares						
During the last five years the Company has not issued any equity shares pursuant to a contract without payment being received in cash. The Company issued 87,53,100 bonus equity shares in the year 2007-2008 in the ratio of 1:1. There has been no buy-back of shares in the current year and preceding five years. On 23 rd July 2008; 11,63,661 equity shares were issued to the Promoters and Promoters Group on conversion of warrants (on 29 th November, 2007 the Company had allotted 30,00,000 convertible share warrants to Promoters and Promoters Group companies on preferential basis at a price of ₹ 81 per share).						

NOTE: IV	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
RESERVES AND SURPLUS		
Capital reserves	2,23.74	2,23.74
Securities premium reserve	30,73.42	30,73.42
Deficit in the statement of Profit and Loss		
Balance at the beginning of the year	(67,63.66)	(77,08.13)
Add : Transferred from the statement of Profit and Loss	(22,25.46)	9,44.47
Less : Adjustment on account of Schedule II of Companies Act, 2013	18.16	
Less: Deferred tax adjustment on above [refer note XII (a)]	5.61	
	<u>12.58</u>	-
	<u>(90,01.70)</u>	<u>(67,63.66)</u>
Total	<u>(57,04.54)</u>	<u>(34,66.50)</u>

NOTE: V	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
LONG-TERM BORROWINGS		
0.001% Unsecured optionally convertible debentures (OCD)	49,65.30	49,65.30
From banks (Secured)		
– Term loans	29,18.20	38,28.54
– Corporate loans	11,71.01	15,33.31
From related parties (unsecured)	6,57.56	5,99.03
	<u>97,12.07</u>	<u>1,09,26.18</u>

(a) **Details of security for term loans from banks**
Term loans from banks are secured by way of equitable mortgage of fixed assets both present and future including land and building of the Company on first pari-passu basis and are also guaranteed by the promoter of the Company.

(b) **Details of security for corporate loans**
Corporate loans are secured by way of mortgage and charge of immovable and movable assets both present and future and it is also secured by way of charge/assignment on all bank accounts.

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

i) Term loans (included in long term borrowings and other current liabilities): Amount in ₹ Lacs

Name of Bank	Amount Outstanding As at 31 st March, 2015	Financial Year	2015-16	2016-17	2017-18	2018-19
			Rate of Interest	15.50%	16.50%	16.50%
		No of installments in a year	4	4	4	2
Punjab National Bank	17,63.11	Annual installment amount	4,56.72	4,05.97	4,05.97	4,94.46
State Bank of India	9,09.64	Annual installment amount	2,33.74	2,07.74	2,07.74	2,60.43
Canara Bank	12,62.14	Annual installment amount	3,26.25	2,90.00	2,90.00	3,55.89

ii) Corporate loans (included in long term borrowings and other current liabilities): Amount in ₹ Lacs

Name of Bank	Amount Outstanding As at 31 st March, 2015	Financial Year	2015-16	2016-17	2017-18	2018-19
			Rate of Interest	13.75%	14%	14%
		No of installments in a year	4	4	4	2
Punjab National Bank	9,44.13	Annual installment amount	2,42.50	2,15.81	2,15.81	2,70.01
State Bank of India	5,50.43	Annual installment amount	1,41.50	1,25.75	1,25.75	1,57.43
Canara Bank	81.38	Annual installment amount	20.93	18.60	18.60	23.26

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

	As at March 31, 2015		As at March 31, 2014	
	Range of delays	Amount in ₹ Lacs	Range of delays	Amount in ₹ Lacs
Interest on term loans from banks	30-60 days	97.97	-	-
Interest on corporate loans from banks	30-60 days	36.70	-	-

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

The Company's Corporate Debt Restructuring (CDR) package was approved by Corporate Debt Restructuring Empowered Group (CDREG) vide letter dated 19th October, 2011. Per CDR approval, at the end of two years i.e. 1st April, 2013, outstanding balance of Working Capital Term Loan (WCTL) and Funded Interest Term Loan (FITL) taken from respective banks has been converted into 49,65,30,325 unsecured optionally convertible debentures (OCD) at a coupon rate of 0.001%. The said OCDs had an option of conversion into equity during 18 months from date of allotment of OCD as per then applicable SEBI guidelines. The lenders viz Punjab National Bank, State Bank of India and Canara Bank have expressed their willingness to exercise their option for conversion. The Company has made several representations to the lenders on the issue of conversion price in terms of the provisions of Memorandum & Articles of Association of the Company. The Company has also filed a representation before the Hon'ble CDR Cell on the issue, which is under consideration. Pending such resolution, the amount are being considered as OCDs.

v) From related parties (unsecured):

Loans taken from related parties have interest rate ranging from 10% to 13% [Refer note XXXII]. All these loans along with interest are due for repayment in the financial year 2016-17.

NOTE: VI

DEFERRED TAX LIABILITIES (NET)

Deferred tax liabilities/(assets)

	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
Difference on depreciation and amortisation of tangible and intangible assets	13,59.07	14,64.01
Unabsorbed depreciation	(13,46.24)	(12,74.83)
Deferred tax liabilities (net)	12.83	1,89.18

NOTE: VII

LONG-TERM PROVISIONS

	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
Provisions for gratuity [refer note (a) below]	67.31	58.31

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

Change in projected benefit obligation

Projected benefit obligation at the beginning of the year*	92.77	81.47
Service cost	9.54	10.36
Interest cost	8.12	6.52
Actuarial (gain)/loss	(4.37)	(0.34)
Benefits paid	(13.49)	(5.24)
Projected benefit obligation at the end of the year*	92.57	92.77

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

Present value of projected benefit obligation at the end of the year*	92.57	92.77
Liability recognised in the balance sheet*	92.57	92.77

Components of net gratuity costs are

Service cost	9.54	10.36
Interest cost	8.12	6.52
Recognized net actuarial gain	(4.37)	(0.34)
Net gratuity costs	13.29	16.54

Assumptions used

Discount rate	7.75%	8.75%
Long-term rate of compensation increase	5.25%	6.25%
Rate of return on plan assets	N.A	N.A
Average remaining life (years)	19.47	20.63

*This includes short term portion of ₹ 25.26 lacs (previous year ₹ 34.46 lacs) as disclosed under note XI.

NOTE: XI**SHORT-TERM PROVISIONS**

	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
Provision for gratuity [Also, refer note VII (a) above]	25.26	34.46
Provision for milk cess [Also, refer note XXIX (b)]	15,02.99	13,83.20
	<u>15,28.25</u>	<u>14,17.66</u>

NOTE: XII**FIXED ASSETS**For the year ended 31st March, 2015

Amount in ₹ Lacs

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

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

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

For the year ended 31st March, 2014

Amount in ₹ Lacs

Particulars	Gross block			Accumulated depreciation and amortisation				Net block			
	As on 1 st April, 2013	Additions during the year	Sales/ Adjustment during the year	As on 31 st March, 2014	As on 1 st April, 2013	For the year	Adjustment to opening reserves	Sales/ Adjustment during the year	As on 31 st March, 2014	As on 31 st March, 2014	As on 31 st March, 2013
Tangible assets											
Freehold land	1,89.93	-	-	1,89.93	-	-	-	-	1,89.93	1,89.93	
Buildings	18,70.26	-	-	18,70.26	4,76.02	61.02	-	-	5,37.04	13,33.22	13,94.23
Plant and equipment	1,21,29.41	88.65	-	1,22,18.06	47,80.54	6,21.79	-	-	54,02.33	68,15.73	73,48.87
Furniture and fixture	38.40	1.92	-	40.32	24.20	1.80	-	-	26.00	14.32	14.20
Office equipments	50.14	5.90	-	56.04	25.12	2.80	-	-	27.92	28.12	25.02
Vehicles	93.98	8.56	7.51	95.03	41.45	7.63	-	5.24	43.84	51.19	52.54
Total	1,43,72.12	1,05.03	7.51	1,44,69.64	53,47.33	6,95.05	-	5.24	60,37.13	84,32.53	90,24.79
Intangible assets											
Computer software	34.21	-	-	34.21	27.32	5.56	-	-	32.88	1.33	6.89
Total	34.21	-	-	34.21	27.32	5.56	-	-	32.88	1.33	6.89
Grand Total	1,44,06.33	1,05.03	7.51	1,45,03.85	53,74.65	7,00.61	-	5.24	60,70.01	84,33.85	90,31.68

NOTE: XIII	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
NON-CURRENT INVESTMENTS		
Non trade investments (at cost, unquoted)		
Investment in equity shares (unquoted)	0.76	0.76
Aricent Technologies (Holdings) Limited (1069 equity shares (Previous year 1069) of ₹ 10 each fully paid up)		
Government securities		
National savings certificates (pledged with sales tax authorities)	<u>0.40</u>	<u>0.53</u>
	<u>1.16</u>	<u>1.29</u>
NOTE: XIV	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
LONG-TERM LOANS AND ADVANCES (unsecured considered good, unless otherwise stated)		
Security deposits	1,25.57	1,08.64
Prepaid expenses	6.71	-
	<u>1,32.28</u>	<u>1,08.64</u>
NOTE: XV	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
INVENTORIES (valued at lower of cost and net realisable value)		
Raw materials	1,60.21	1,93.98
Work-in-progress	2,10.01	6,34.74
Finished goods	62,91.92	63,87.20
Stores and spares	5,61.98	4,82.45
Packing materials	2,15.77	1,90.08
	<u>74,39.89</u>	<u>78,88.45</u>
NOTE: XVI	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
TRADE RECEIVABLES (Unsecured)		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Considered good	4.02	2.33
Considered doubtful	27.68	27.68
	<u>31.70</u>	<u>30.01</u>
Less: Allowance for bad and doubtful debts	27.68	27.68
	<u>4.02</u>	<u>2.33</u>
Other debts - considered good	31,34.18	21,34.59
	<u>31,38.20</u>	<u>21,36.92</u>
NOTE: XVII	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
CASH AND BANK BALANCES		
Cash and cash equivalents		
- Cash in hand	14.35	12.86
- Balances with banks in current account	31.58	1,41.28
	<u>45.93</u>	<u>1,54.14</u>

NOTE: XVIII	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
SHORT-TERM LOANS AND ADVANCES (unsecured considered good, unless otherwise stated)		
Advances to suppliers	25.37	6,83.40
Loans and advances to employees	0.34	0.77
Prepaid expenses	30.03	49.96
Balances with statutory and government authorities	1,41.39	2,19.43
Milk cess paid under protest	5,91.00	5,91.00
Grant recoverable	25.00	25.00
Advance tax (including tax deducted at source and wealth tax)	18.99	10.76
Others	1,38.90	4,01.39
	9,71.02	19,81.71
NOTE: XIX	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
REVENUE		
Revenue from operations		
Sale of products		
Export	41,04.57	89,14.18
Domestic	5,87,08.87	5,51,89.32
Other operating revenue	1,15.63	1,87.12
Revenue from operations (Gross)	6,29,29.07	6,42,90.62
Less : Excise duty	3,94.43	4,59.66
Revenue from operations (Net)	6,25,34.64	6,38,30.96
Details of products sold (contributing more than 10% of the total revenue)		
Manufactured goods (inclusive of excise duty)		
Milk	2,38,99.15	2,37,58.90
Ghee	1,01,70.25	68,63.65
Skimmed milk powder (SMP)	71,61.80	66,63.30
Casein	60,88.30	90,96.44
Others	1,54,93.94	1,77,21.20
	6,28,13.44	6,41,03.49
NOTE: XX	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
OTHER INCOME		
Interest income:		
- others	8.83	9.81
Exchange fluctuation (net)	1,03.64	1,92.10
Liabilities written back	25.76	9.40
Miscellaneous income	0.45	6.84
	1,38.68	2,18.15

NOTE: XXI	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
COST OF MATERIALS CONSUMED		
Opening stock		
- Raw materials	1,93.98	2,18.73
- Packing materials	1,90.08	1,82.56
	3,84.06	4,01.29
Add : Purchases of raw materials during the year	5,61,28.99	5,61,80.48
Add : Purchases of packing materials during the year	15,03.52	13,82.20
	5,76,32.51	5,75,62.68
Less : Closing stock		
- Raw materials	1,60.21	2,32.63
- Packing materials	2,15.77	1,90.08
	3,75.98	4,22.71
	5,76,40.59	5,75,41.26
Details of raw materials consumed		
Milk	5,61,62.76	5,61,66.57
	5,61,62.76	5,61,66.57
NOTE: XXII	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Opening stock		
- Manufactured goods	63,87.20	66,18.54
- Work-in-progress	6,34.74	88.22
	70,21.94	67,06.76
Closing stock		
- Manufactured goods	62,91.92	63,87.20
- Work-in-progress	2,10.01	6,34.74
	65,01.93	70,21.94
Excise duty on change in stocks	(26.48)	(13.60)
	4,93.53	(3,28.78)
NOTE: XXIII	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	7,37.00	7,22.20
Contribution to provident and other defined contribution funds	28.46	24.16
Staff welfare expenses	1.60	3.81
	7,67.06	7,50.17

NOTE: XXIV		
FINANCE COSTS	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
Interest expenses		
- to banks	16,52.98	14,75.12
- others	72.23	80.68
Other borrowing costs	65.26	71.22
	<u>17,90.47</u>	<u>16,27.02</u>
NOTE: XXV		
DEPRECIATION AND AMORTISATION EXPENSE	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
Depreciation of tangible assets [refer note XII]	4,79.29	6,95.05
Amortisation of intangible assets [refer note XII]	1.51	5.56
	<u>4,80.80</u>	<u>7,00.61</u>
NOTE: XXVI		
OTHER EXPENSES	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
Consumption of stores and spare parts [refer note XXXI(d)]	6,82.24	8,39.89
Power and fuel	24,47.39	22,12.59
Rent	22.16	16.41
Repairs to		
- building	21.66	74.62
- machinery	56.53	68.05
- others	15.95	13.09
Insurance	27.97	29.07
Legal and Professional expenses	76.70	59.16
Payment to Auditors [refer note XXXVI]	17.50	15.45
Rates and taxes	5.62	7.55
Travelling and conveyance	66.48	1,02.53
Provision for milk cess [refer note XXIX(b)/(c)]	1,19.79	1,19.79
Loss on sale/write off of fixed assets (net)	-	0.37
Commission on sale	15.61	40.87
Freight and forwarding charges	1,80.59	1,99.99
Miscellaneous expenses	1,59.82	1,80.31
	<u>39,16.01</u>	<u>39,79.73</u>
NOTE:: XXVII		
PRIOR PERIOD ITEMS	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
Expenses related to previous year [refer note (a) below]	1.72	4.88
Incomes related to previous year [refer note (b) below]	(20.67)	(11.77)
	<u>(18.95)</u>	<u>(6.89)</u>

Note:

- a) During the year ended 31st March, 2015, the Company has accounted for repair charges of ₹ 0.32 lacs, consultancy charges of ₹ 1.01 lacs and miscellaneous expenses ₹ 0.39 lacs which relates to prior year(s). During the year ended 31st March, 2014, the Company has accounted for travelling expenses of ₹ 1.37 lacs and bank charges of ₹ 3.51 lacs which relates to prior year(s).
- b) During the year ended 31st March, 2015, the Company has accounted for income received from power exchange of ₹20.67 lacs which relates to prior year(s). During the year ended 31st March, 2014, the Company has accounted for income received from vendor of ₹ 1.53 lacs and income received from power exchange of ₹ 10.24 lacs which relates to prior year(s).

NOTE: XXVIII
EXCEPTIONAL ITEMS

	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
Provision for interest on milk cess written back (refer note below)	-	(11,44.36)
	-	(11,44.36)

Note:

In year ended 31st March, 2014, the Company based upon a legal opinion obtained from an independent law firm in connection with the method in which the Company had been computing and recognizing the liability on account of interest on milk cess in terms with the provisions of The Haryana Murrah Buffalo and Other Milch Animal Breed (Preservation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001, the Company has written back interest liability provided on milk cess provided in prior years amounting to ₹ 11,44.36 lacs.

NOTE: XXIX
CONTINGENT LIABILITIES AND PROVISIONS

	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
a) Contingent liabilities:		
Claims against the Company not acknowledged as debts:-	3,99.76	3,73.82
(i) Excise duty	2,61.25	2,61.25
(ii) Custom Duty	10.60	10.60
(iii) Entry tax	1,16.50	95.51
(iv) Income tax	11.41	6.46

Note:

- i) Excise duty: During 2005-06, the Company had availed CENVAT credit of ₹ 77.21 lacs on certain steel and other similar items (i.e. 'supporting goods') as inputs used in fabrication of storage tanks and other structures. As per the Excise Authorities, this credit of ₹ 77.21 lacs pertains to inputs used in fabrication of milk storage tanks and other supporting structures of storage tanks and has therefore denied all the aforesaid credit on the ground that the inputs and goods mentioned above neither qualify as capital goods nor inputs as per CENVAT Credit Rules, 2004 for manufacture of the final products viz. Casein and Lactose. The Company has deposited demand of ₹ 77.21 lacs together with interest thereon of ₹ 5.19 lacs under protest. The case is pending in CESTAT and is awaited for regular hearing.

Further during the year 2007-08 to 2009-10 the Company also availed CENVAT credit of ₹ 78.30 lacs on certain steel items & other items as input used in fabrication of storage tanks. The excise authority (Panchkula) issued show cause notice for denial of the said CENVAT credit. The Company filed an appeal before Commissioner and

commissioner confirmed a demand of CEVAT Credit amounting to ₹ 78.30 lacs along with a penalty of amount equal to the Cenvat Credit, interest of ₹ 4.57 lacs and ₹ 17.68 lacs of CENVAT Credit wrongly taken and reversed. The Company had filed appeal before CESTAT and hearing on stay application was fixed on 14th October, 2012 which was adjourned to 11th December, 2012 and thereafter on the request of department representative the same was adjourned to 12th February, 2013. On this date, CESTAT ordered to deposit ₹ 15 lacs as predeposit within 12 weeks which was deposited by Company on 15th May, 2013.

Based upon the legal advise obtained by the Company, the management believes that the Company has reasonably good chances of winning the case and hence currently no provision has been recorded.

- ii) Custom Duty: During 2011-12, the Company had exported 17.070 MT of Cheese Curd to a customer in Saudi Arabia and out of total 17.070 MT Cheese Curd of 14.218 MT was rejected by customer due to some functionality issues in stretching. The Company re-imported the goods. The Additional Commissioner of Customs (Imports) vide its order dated 7th May, 2012 confiscated the goods and imposed a penalty of ₹ 3.6 lacs and redemption fine of ₹ 7 lacs stating that re-imported goods had violated the prescribed condition under the Food Safety and Standards Act, 2006 (FSA) and hence were liable for confiscation. The Company deposited penalty of ₹ 3.6 lacs and redemption fine of ₹ 7 lacs on and got the goods released. The Company filled an appeal before Commissioner of Customs (Appeals), Mumbai against the order of Additional Commissioner of Customs (Imports) imposing penalty and fine stating that re-import was not against the provisions of FSA Act. The Commissioner of Customs (Appeals), Mumbai upheld the order of Additional Commissioner of Customs (Imports) and rejected the claim of Company vide order dated 27th June, 2013. The Company aggrieved by the order of Commissioner of Customs (Appeals), Mumbai has preferred an appeal before CESTAT, Mumbai on 10th October, 2013. The case is pending in CESTAT and is awaited for regular hearing.
- (iii) Entry tax: Local Area Development Tax ('LADT') was imposed in the state of Haryana with effect from 1st April, 2000. In 2007-08, the LADT was quashed and declared ultra-vires by the Hon'ble High Court of Punjab and Haryana in its order dated 1st April, 2008. The State Government replaced the LADT with Entry Tax and it was also declared ultra-vires by the Hon'ble High Court of Punjab and Haryana. The State Government filed an appeal in the Hon'ble Supreme Court. The Hon'ble Supreme Court passed an order dated 30th October, 2009, directing all assesses to file all the returns and staying recovery of tax till final order. The final order is still awaited.
- (iv) Income tax: During the year ended 31st March, 2012, the Income Tax Department carried out assessment for assessment years 2006-07, 2008-09 and 2009-10 and issued a notice of demand u/s 156 of the Income Tax Act, 1961 for ₹ 6.06 lacs, ₹ 0.40 lacs and ₹ 4.95 lacs respectively. For assessment years 2006-07 and 2008-09 Company has preferred an appeal with Income Tax Appellate Tribunal (ITAT), New Delhi against the order of Commissioner of Income Tax (Appeals). Whereas for assessment year 2009-10 the Company's appeal is pending with Commissioner of Income Tax (CIT), Gurgaon.

	As at March 31, 2015 Amount in ₹ Lacs	As at March 31, 2014 Amount in ₹ Lacs
b) Milk cess :		
Interest on milk cess	14,95.87	13,20.64

"The provisions of 'The Haryana Murrah Buffalo and Other Milch Animal Breed (Presentation and Development of Animal Husbandry and Dairy Development Sector) Act, 2001 ('Act')', requires every milk processing company to pay milk cess not exceeding fifteen paise per liter on registered capacity of a milk plant under Milk and Milk Product Order, 1992. Accordingly Haryana State Government, vide its notification no. 6388-AH-4-2001/16142 dated 9th September, 2001, imposed a milk-cess of ten paise per liter on the registered capacity of plants. In 2001, the Company filed a writ petition before the Hon'ble High Court of Punjab and Haryana challenging the imposition of such cess as against the Constitution of India. The Hon'ble High Court of Punjab and Haryana issued a stay order dated 9th July, 2004 on such imposition and directed the Company to continue to pay 1/3rd of the total milk-cess amount to the State Government on registered capacity till the final outcome of the case. Till 2004-05, the Company had provided milk-cess amounting to ₹ 353.75 lacs in the books of account. In 2004, a similar cess was levied in the state of Punjab by the Government of Punjab under the Punjab Dairy Development Board Ordinance, 2000, and was upheld unconstitutional

by the Hon'ble Supreme Court. Based upon this order of the Hon'ble Supreme Court, the stay order from the Hon'ble High Court of Punjab and Haryana and as per the legal advice obtained by the Company at that point of time, the Company discontinued the provision of milk-cess in the books of account as it was believed that the chances of cess being levied on the Company for the period after the year 2004-2005 of ₹ 421.88 lacs would be remote and hence no provision against this was considered necessary. On 28th May, 2010 the Hon'ble High Court of Punjab and Haryana dismissed the Company's writ petition and upheld the levy of cess by State Government on milk plants. On 18th August, 2010 the Company filed a review application with the Hon'ble High Court. Subsequently, the Company's review application with Hon'ble High Court of Punjab and Haryana has been dismissed. On 18th October, 2010 the Company also filed a special leave petition before the Hon'ble Supreme Court challenging the impugned judgment. The matter was listed before the Hon'ble Supreme Court on 5th August, 2011. The Hon'ble Supreme Court has issued a notice to the Govt. of Haryana on Special Leave Petition filed by the Company as well as on the application for interim stay. On 20th April, 2012, the Government of Haryana filed its reply and The Hon'ble Supreme Court has ordered the case to be put before the Hon'ble Bench. The Company had also received a notice dated 1st April, 2011 from Semen Bank Officer, Haryana Livestock Development Board, Karnal demanding the payment of ₹ 21,25.75 lacs as arrears of Cess and ₹ 1,28.72 lacs towards interest on the full unpaid amount for the period 1st January, 2011 to 31st March, 2011. However, The Hon'ble Supreme Court in its order dated 7th September, 2012 granted an interim stay on impugned judgment passed by The Hon'ble High Court, subject to petitioners depositing 50% of the cess levied and demanded by the State Government for expediting the hearing in this case. Based on the order of The Hon'ble Supreme Court, the Company has deposited 50% of milk cess liability amounting to ₹ 5,91 lacs till 7th September, 2012 (date of the order) after which there has been no hearing held in the Supreme Court till date."

- c) Interest and claims by customers may be payable as and when the outcome of the related matters are finally determined and hence not been included above. Management based on legal advice and historical trends believes that no material liability will devolve on the company in respect of these matters.
- d) Particulars of unhedged foreign currency exposure as at the reporting date:
Unhedged foreign currency exposure as at year end

Particulars	Currency	As at March 31, 2015	As at March 31, 2014
Trade receivables	USD	-	10.60

NOTE: XXX

The Company has incurred a net loss of ₹ 22,25.46 lacs for the year ended 31st March, 2015 and as of that date, the Company's total liabilities exceeded its total assets by ₹ 33,68.65 lacs. In the opinion of the management, the unjust levy of milk cess and other related operating factors has eroded the net worth of the Company. The uncertainty of the outcome of litigation in connection with milk cess and other related operating factors has cast doubts about the Company's ability to continue as going concern. In the opinion of the management, as the litigation currently stands sub-judice with the Hon'ble Supreme Court of India, the management is hopeful that such milk cess imposed by the Government of Haryana shall be waived off along with interest and other dues there on. The Company is in the process of formulating its revised business plans and negotiating with stakeholder so as to ensure continuity of operations of the Company and is hopeful of turning around and expects that the net worth of the Company shall become positive in near future.

NOTE: XXXI

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

Particulars	For the Year March 31, 2015 Amount in ₹ Lacs	For the Year March 31, 2014 Amount in ₹ Lacs
a) Earnings in foreign currency (accrual basis)		
Export value of goods on FOB basis	40,67.63	88,38.43
b) Expenditure in foreign currency (cash basis)		
Professional and consultation fees	4.80	18.36
Export selling commission	-	6.79
Others	-	12.59
c) Value of imports (Calculated on C.I.F basis)		
Raw materials	-	-
Components and spare parts	60.76	66.15
Total	60.76	66.15
d) Imported and indigenous consumption		
Raw materials and packing materials		
Imported		
- Amount	-	-
- Percentage	-	-
Indigenous		
- Amount	5,76,40.59	5,75,41.26
- Percentage	100.00%	100.00%
Total		
- Amount	5,76,40.59	5,75,41.26
- Percentage	100.00%	100.00%
Stores and spares		
Imported		
- Amount	60.76	66.15
- Percentage	8.91%	7.88%
Indigenous		
- Amount	6,21.48	7,73.74
- Percentage	91.09%	92.12%
Total		
- Amount	6,82.24	8,39.89
- Percentage	100.00%	100.00%

NOTE: XXXII
RELATED PARTY DISCLOSURES

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

Nature of relationship	Name of related party
Entities in which directors of the Company are able to exercise control or have significant influence:-	Modern Steels Limited, Chandigarh Finance Private Limited, Mala Builders Private Limited, Times Finvest & Commerce Limited **, Shree Ganesh Investments & Industries Limited **, Smile Finvest Private Limited **, Modern Dairyfarms Limited, Nabha Commerce Private Limited Bharat Forgings Private Limited, PHi Business Solutions Limited, Modern Automotives Limited, Kamal Leasing Limited **, Krishan Kumar Goyal (HUF), Amarjit Goyal (HUF)
Key management personnel (KMP)	Mr. Krishan Kumar Goyal - Chairman & Managing Director, Mr. A.K. Aggarwal - Executive Director, Mr. Mukesh Sehgal -GM (Corporate Finance) & CFO, Mrs. Anubha Garg -Company Secretary, Mr. P.K. Jain - Director*
Relatives of KMP	Mr. Amarjit Goyal, Father, Mrs. Alka Goyal, Wife, Mr. Aditya Goyal, Son, Mrs. Sonam Jhunjhunwala, Daughter

 * Mr. PK Jain was director (Related Party) up to 31st July, 2014.

 ** These were related party upto 31st March, 2014 only.

b) Transactions with related parties

Companies in which directors of the Company are able to exercise control or have significant influence	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
Rent paid		
Mala Builders Private Limited	2.70	2.70
Interest expense		
Shree Ganesh Investments & Industries Limited	-	4.74
Smile Finvest Private Limited	-	7.62
Kamal Leasing Limited	-	1.37
Chandigarh Finance Private Limited	32.75	24.22
Unsecured loan taken		
Chandigarh Finance Private Limited	-	2,48.78
Unsecured loan repaid		
Smile Finvest Private Limited	-	2,48.78
Sale of goods		
Modern Steels Limited	3.89	7.45
Mukesh Sehgal	1.20	-
Purchases of raw material		
Modern Dairyfarms Limited	2,12,60.86	1,35,70.42
Sharing of expenses (payment)		
Modern Steels Limited	16.69	20.56

	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
Closing Balance: Unsecured Loans (included in Long term borrowings)		
Times Finvest and Commerce Limited	-	2,12.83
Chandigarh Finance Private Limited	3,57.00	3,27.52
Kamal Leasing Limited	-	14.89
Shree Ganesh Investments & Industries Limited	-	43.79
Key management personnel (KMP)		
Remuneration Paid :-		
Krishan Kumar Goyal	30.00	-
A.K. Aggarwal	26.86	22.34
P.K. Jain	6.56	19.67
Mukesh Sehgal	23.30	22.20
Anubha Garg	5.85	5.58

NOTE: XXXIII**SEGMENT INFORMATION****Primary segment**

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

Secondary segment

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

Other information

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

Segment information disclosures as required under Accounting Standard-17 "Segment Reporting" issued by Companies (Accounting Standard) Rules, 2006 as prescribed by Institute of Chartered Accountant of India.

Secondary segment information- Geographical

Amount in ₹ Lacs

Particulars	Year ended March 31, 2015		Year ended March 31, 2014	
	Within India	Outside India	Within India	Outside India
Revenue	5,87,08.87	41,04.57	5,51,89.32	89,14.18
Trade receivables (net of provisions)	31,38.20	-	14,99.86	6,37.06

NOTE: XXXIV
EARNING PER SHARE

The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS)-20 on "Earning Per Share" issued by Companies (Accounting Standards) Rules, 2006.

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Net (Loss)/Profit after tax (A)	(22,25.46)	9,44.47
Net (Loss)/Profit attributable to equity shareholders for Basic EPS (B)	(22,25.46)	9,44.47
Net (Loss)/Profit attributable to equity shareholders for Dilutive EPS (C)	(22,25.43)	9,44.51
Weighted average number of equity shares for Basic EPS (No. in lacs) (D)	2,33.20	2,33.20
Weighted average number of equity shares for Dilutive EPS (No. in lacs) (E)	7,29.73	7,29.73
(Loss)/Profit per share (₹) (B/D) - Basic	(9.54)	4.05
(Loss)/Profit per share (₹) (C/E) -Diluted	(9.54)	1.29
Face value per equity share (₹)	10.00	10.00

Pursuant to the approval for debt restructuring obtained from the Corporate Debt Restructuring Empowered Group (CDREG) and the respective banks within the consortium, Working capital term loan (WCTL) and Funded interest term loan (FITL) are converted into Optionally Convertible Debentures (OCD) at a coupon rate of 0.001% w.e.f. 1st April, 2013. During the year ended 31st March, 2014, Company has earned profits and these potential equity shares (0.001% OCD) are dilutive, hence these are considered for computation of earnings per share. During the current year Company has incurred losses, these potential equity shares (0.001% OCD) were anti dilutive, hence these are not considered for computation of loss per share.

NOTE: XXXV
LEASES

The Company has leased facilities under cancellable operating leases arrangements with a lease term ranging from one to three years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹ 22.16 lacs (Previous year ₹ 16.41 lacs).

NOTE: XXXVI
PAYMENTS TO AUDITORS

	Year ended March 31, 2015 Amount in ₹ Lacs	Year ended March 31, 2014 Amount in ₹ Lacs
As auditor		
Statutory audit*	7.30	5.96
Limited review*	6.40	6.40
Tax audit*	1.12	1.12
	14.82	13.48
Reimbursement of expenses	2.67	1.97
	17.49	15.45

* Inclusive of service tax

NOTE: XXXVII

The Company through its internal control processes identified an instance of one of the employees colluding with a vendor for supply of raw milk and found him issuing incorrect lab test results, thereby rating the milk to be of superior quality as opposed to its actual quality. The management has filed a first information report against the said employee and the vendor involved in this matter, stating an estimated loss incurred of ₹ 0.79 lacs, however, as the case is sub-judice and under investigation, management is in the process of quantifying its impact on the financial statements and believes that such amount is not expected to be material to the financial statements. Pending resolution of the matter, the management has terminated the services of such employee, discontinued business with such vendor and has initiated necessary steps, including pursuing the legal cases against the employee and the vendor for ensuring appropriate recoveries.

NOTE: XXXVIII

Pursuant to the reference filed by the Company with Board for Industrial and Financial Reconstruction (BIFR) under section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 the BIFR vide its order dated 8th February, 2012 declared the Company as sick and appointed Punjab National Bank being the Lead Bank as Operating Agency (OA) to formulate rehabilitation plan for the Company. As per the meeting held on 15th April, 2013 Company has submitted Debt Restructuring Scheme (DRS) on 25th February, 2013. During the year, the matter came up for hearing on 28th May, 2014, and the Hon'ble BIFR Board observed that in the light of the Milk Cess matter being pending before the Supreme Court, the DRS of the Company could not be formulated, the Hon'ble Bench directed the Company and the Haryana Livestock Development Board to keep the BIFR Board updated. Thereafter the matter is yet to come up for hearing.

NOTE: XXXIX

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

NOTE: XL

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

For Walker Chandio & Co LLP

(formerly Walker, Chandio & Co)
Chartered Accountants

For & on Behalf of the Board of Directors

per Sumit Mahajan
Partner

A K Aggarwal
Director
(DIN: 00486430)

Satish Kapoor
Director
(DIN: 00009122)

Mukesh Sehgal
GM (Corporate Finance) & CFO

Anubha Garg
Company Secretary

Place : Chandigarh
Date : 29th May, 2015

Place : Chandigarh
Date : 29th May, 2015

