

MILKFOOD LIMITED

5th Floor, 91, Bhandari House, Nehru Place, New Delhi-110 019

Ph.: 26460670-4 / 26463773 Fax : 011-26460823

E-mail : milkfoodltd@milkfoodltd.com, Website : www.milkfoodltd.com

CIN : L15201PB1973PLC003746

MFL\SCY\2018-19

27th September, 2018

The Department of Corporate Services,
The BSE Ltd.,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Sub: 45th Annual General Meeting ('AGM') Annual Report.
Scrip Code No. : 507621

Dear Sir/Madam,

Please find enclosed the following-

Annual Report which is approved and adopted in the 45th Annual General Meeting of Milkfood Limited on 26th September, 2018, as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

This is for your information and records.

Thanking You
Yours Sincerely,
For Milkfood Limited



(Rakesh Kumar Thakur)
Company Secretary



milkfood

Regd. Office : P.O. Bahadurgarh-147021 Distt. Patiala (Punjab)

Phones : 0175-2381404 / 2381415

Fax : 0175-2380248

MILKFOOD LIMITED

Annual Report

For the year ended 31st March, 2018

The Milkfood logo consists of a dark blue oval with the word "milkfood" written in white, lowercase, sans-serif font.

milkfood

BOARD OF DIRECTORS
GITA BAWA
ASHA GADI
HARMESH MOHAN SOOD
PREETI MATHUR

AUDITORS
V.P. Jain & Associates
Chartered Accountants
New Delhi

BANKERS
State Bank of India
Canara Bank

REGISTERED OFFICE
Bahadurgarh
Distt. Patiala-147021
(Punjab)

WORKS
Bahadurgarh
Distt. Patiala-147021
(Punjab)

Village Agwanpur
Kanth Road,
Moradabad-244001
(Uttar Pradesh)

HEAD OFFICE
Bhandari House
91, Nehru Place
New Delhi-110 019

CONTENTS	Page No.
Directors' Report	1
Corporate Governance Report	20
Auditors' Report	30
Balance Sheet	35
Statement of Profit & Loss	36
Cash Flow	37
Notes	38
Consolidated Balance Sheet	66

Directors' Report

TO THE MEMBERS

The Directors present their 45th Report together with Audited Financial Statements of the Company for the financial year ended 31st March, 2018.

1. FINANCIAL RESULTS

	(Rs./Lacs) 2017-18	(Rs./Lacs) 2016-17
Profit/(Loss) after charging all expenses before depreciation and amortization	1605	528
Deduct: Depreciation and amortization expenses	635	536
Profit/(Loss) before tax	970	(8)
Current Tax	189	0
Deferred Tax	(35)	92
Total tax expenses/ (credit)	154	92
Profit/ (Loss) for the period	816	(100)
Other Comprehensive income	(25)	(14)
Transfer to General Reserve	791	(114)

2. OPERATIONS

During the period under Report, the Company's sales and other income are Rs. 49113 lacs and cash profit is Rs.1605 lacs as compared to last year's figures of Rs.38932 lacs and cash profit of Rs.528 lacs respectively. After depreciation and amortisation, the profit for the year is Rs.816 lacs as compared to the loss of Rs. 100 lacs in the previous year, as the figure of the previous year have been regrouped/ rearranged and reclassified where ever necessary to make them comparable with the current year as required under Ind AS.

3. DIVIDEND

The Board of Directors of your Company proposes to retain the profits for use in the business expansion programs. Accordingly, no dividend is recommended by the Directors.

4. FIXED DEPOSITS

The details relating to Deposits, covered under Chapter V of the Act:

- (a) Accepted during the year - Nil;
- (b) There were 11 unpaid/unclaimed fixed deposits with the Company amounting to Rs.2.45 Lacs as at the end of the year;
- (c) There has not been any default in repayment of deposits or payment of interest thereon during the year.

5. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

During the year under review, M/s. MFL Trading Private Limited continues to be the wholly owned subsidiary company of the Company.

In compliance with provisions of Section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has prepared consolidated financial statements as per the Accounting Standards on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements along with the Auditors' Report thereon forms part of this Annual Report.

During the year, the Board of Directors (the Board) has reviewed the affairs of the Subsidiary. Further, a statement containing the salient features of the financial statements of subsidiary in the prescribed format AOC-1 is appended as "Annexure 1" to the Board's Report.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements of its subsidiary, are available on the Company's website at www.milkfoodltd.com.

The Company has no material subsidiary company but in order to comply with the Listing Regulations, the Company has adopted a Policy on Material Subsidiary Companies and has uploaded on the Company's website at www.milkfoodltd.com.

6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the period under review, the Company has not made any loan, guarantee or investment in terms of provisions of Section 186 of the Companies Act, 2013.

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

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of this Report.

There is no change in the nature of the Company's business during the year under review.

8. DIRECTORS

No Director is liable to retire by rotation at this Annual General Meeting.

Mr. Harmesh Mohan Sood and Mrs. Preeti Mathur were appointed as the Additional Directors of the Company in the Board meeting held on 29th September, 2017 in the category of Non Executive Non Independent Directors.

Mr. Amarjeet Kapoor, Director, has vacated the office from the Directorship of the Company w.e.f. 29th September, 2017, under section 167 of the Companies Act, 2013 due to the disqualification incurred by him under section 164(2)(a) of the Companies Act, 2013.

Mrs. Sushma Sagar has resigned from the Board of Directors of the Company w.e.f. 15th May, 2017. The Board places on record its sincere appreciation for the useful services rendered by Mrs. Sushma Sagar during her tenure of services with the Company.

Mrs. Asha Gadi and Mrs. Gita Bawa continue to hold the office as the Independent Directors of the Company.

9. DECLARATION OF INDEPENDENCE

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10. FORMAL LETTER OF APPOINTMENT TO INDEPENDENT DIRECTORS

The Company has issued the formal letter of appointment to all the independent directors in the manner as provided under the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company at www.milkfoodltd.com.

11. MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, **nine** Board meetings and **one** separate meeting of the Independent Directors were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

12. FAMILIARIZATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The Company has a policy of conducting familiarization programmes for Independent Directors in order to familiarize them with the Company, their roles, rights, responsibilities in the Company and nature of the industry in which the Company operates etc. The details of such Policy has been given on the website of the Company at www.milkfoodltd.com.

13. COMMITTEES

As per the provisions of Section 177, 178 and 135 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted an Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. The Composition of these Committees and details of their meetings are given in the Corporate Governance Report.

14. KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Sudhir Avasthi, Chief Executive Officer, Mr. Sanjeev Kothiala, Chief Financial Officer and Mr. Rakesh Kumar Thakur, Company Secretary and Compliance Officer continue to be the Key Managerial Personnel of the Company in accordance with the provisions of Section 2(51) and Section 203 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) read with Section 134 (5) of the Act, your Directors confirm that:

- (a) in the preparation of Annual Accounts for the year ended March 31, 2018, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (b) the Directors 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 at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts of the Company on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

16. AUDITORS

16.1 STATUTORY AUDITORS

The Members at the 44th Annual General Meeting (AGM) of the Company held on 26th September, 2017 had appointed M/s V. P. Jain & Associates, Chartered Accountants (ICAI Firm Registration Number 015260N), as the statutory Auditors of the Company to hold office for a term of five years i.e. from the conclusion of the said AGM until the conclusion of the 49th AGM to be held in the year 2022, subject to ratification of their appointment by the members of the Company at every subsequent AGM of the Company.

The Ministry of Corporate Affairs vide its Notification dated 7th May 2018, has dispensed with the requirement of ratification of Auditor's appointment by the shareholders, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the ensuing Annual General Meeting.

16.2 AUDITORS' REPORT

The Auditors' Report does not contain any qualifications/reservation or adverse remarks. Notes to accounts are self explanatory and form an integral part of Financial Statements.

16.3 SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed thereunder, Ms. Kamlesh Gupta, Company Secretary has been appointed as the Secretarial Auditors of the Company to carry out the Secretarial Audit of secretarial and related records of the Company for the financial year ended on March 31, 2018.

A Secretarial Audit Report submitted by the Secretarial Auditors in Form No. MR-3 forms part of this report and is annexed herewith as **Annexure-2**.

16.4 INTERNAL AUDITORS

M/s Lalit Kumar & Co., Chartered Accountants, continues to be the Internal Auditors of the Company to perform the functions of internal audit.

16.5 COST AUDITORS

On the recommendations of Audit Committee, M/s R. J. Goel & Co., Cost Accountants (Firm Registration No.000026) have been appointed as the Cost Auditors to audit the cost accounts of the Company relating to Milk Powder for the financial year 2018-19.

As required under the Companies Act, 2013, resolutions seeking members' approval for the ratification of remuneration payable to the Cost Auditors forms part of the Notice convening the ensuing Annual General Meeting.

17. NOMINATION AND REMUNERATION POLICY

The Board on the recommendations of the Nomination & Remuneration Committee has framed a Policy for the selection and appointment of directors, key managerial personnel and also for determining the criteria of their remuneration. The Remuneration Policy has been stated in the Corporate Governance Report and is uploaded on the Company's website at http://www.milkfoodltd.com/img/downloads/Milkfood_Nomination_Remuneration_Policy.pdf

18. RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has formulated a Risk Management Policy. The Company is aware of the risks associated with the business of the Company. It regularly analyses and takes corrective actions for managing / mitigating the risks.

At present, the Company has not identified any element of risks which may threaten the existence of the Company.

19. PERFORMANCE EVALUATION

In terms of the requirements of the Act and Listing Regulations, a separate exercise was carried out to evaluate the performance of all the individual Directors on the Board who were evaluated on parameters such as level of engagement, contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board (excluding the Directors being evaluated). The performance evaluation of the Non Independent Directors was carried out by the Independent Directors. The Board also carried out annual performance evaluation of the working of its Audit Committee, Nomination and Remuneration Committee as well as the Stakeholders Relationship Committee. The Directors expressed their satisfaction with the evaluation process.

Some of the key criteria for the performance evaluation are as follows –

Performance evaluation of Directors:

1. Attendance at the Board/Committee meetings.
2. Contribution at the Board/Committee meetings.
3. Guidance/support to management outside Board/Committee meetings.

Performance evaluation of Board and Committees:

1. Degree of fulfillment of key responsibilities.
2. Board Structure and Composition.
3. Quality of relationship between Board and Management.
4. Efficacy of communication with external shareholders.
5. Effectiveness of Board process, information and functioning.

20. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint has been received during the year under review.

21. CORPORATE SOCIAL RESPONSIBILITY

The Management and the Board of Directors of the Company are of strong opinion that Corporate Social Responsibility is strongly connected with the principles of sustainability and taking care of the society at large.

In terms of provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee (“CSR Committee”) is in existence to monitor the Corporate Social Responsibility Policy of the Company as approved by the Board and the said policy is available on website of the Company i.e. http://www.milkfoodltd.com/img/downloads/Milkfood_Corporate_Social_Responsibility_Policy.pdf.

During the financial year 2017-18, the provisions of Section 135 of the Companies Act, 2013 were not applicable on the Company since the Company does not fall under the conditions necessary for complying with CSR provisions. Hence, no amount was required to be spent during the year.

22. CORPORATE GOVERNANCE REPORT

A detailed Report on Corporate Governance forms an integral part of Annual Report and is set out as a separate section therein. A certificate from the Practicing Company Secretary, regarding the compliance with the conditions of corporate governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Directors’ Report.

23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Report have been given separately and forms part of this Report.

24. INFORMATION UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The shares of your Company are listed at the BSE Ltd. vide Stock Code: 507621. The listing fee for the financial year 2018-19 has been paid.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are annexed herewith as “**Annexure-3**”.

26. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, the details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as “**Annexure-4**”.

27. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report is being sent to all members and others entitled thereto, excluding the aforesaid information and the said particulars are available for inspection by the members at the Registered Office of the Company during the business hours on all the working days of the Company. The members interested in obtaining such particulars may write to the Company Secretary.

Disclosures pertaining to remuneration and other details as required u/s 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014 are provided as per “**Annexure-5**”.

28. RELATED PARTY TRANSACTIONS

All related party transactions which were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large. A disclosure in form AOC-2 is annexed with this Report as **Annexure-6**.

All related party transactions have been disclosed in Note 34 to the Accounts.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at http://www.milkfoodltd.com/img/downloads/Milkfood_Policy_on_related_party_transactions.pdf

29. GREEN INITIATIVES

In commitment to keep in line with the Green Initiative and going beyond it to create new green initiatives, electronic copy of the Annual Report 2018 and Notice of the 45th AGM are being sent to all members whose email addresses are registered with the Company /RTA/ Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2018 and the Notice of the AGM are being sent by the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Annual Report 2018 is also available on our website, www.milkfoodltd.com.

30. PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for the prevention of insider trading with a view to regulate the trading in the securities of Company by the Directors and Designated Employees of the Company on the basis of unpublished price sensitive information available to them by virtue of their position in the Company.

The Code under SEBI (Prohibition of Insider Trading) Regulations, 2015 is available on the website of the Company at www.milkfoodltd.com.

31. VIGIL MECHANISM

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, Vigil Mechanism for directors and employees to report their genuine concerns such as unethical behavior, actual or suspected fraud, violation of the Company's Code of Conduct, has been adopted. The Vigil Mechanism Policy has been uploaded on the website of the Company at http://www.milkfoodltd.com/img/downloads/Milkfood_WHISTLEBLOWER_POLICY.pdf

32. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an adequate system of internal control to safeguard and protect from losses, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting the financial statements. The Internal Auditor of the Company checks and verifies the internal control and monitors them in accordance with the policy adopted by the Company.

33. COMPLIANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Company is fully compliant with the applicable mandatory requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

34. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

During the financial year, your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

35. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant or material orders which were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's Operations in future.

36. ACKNOWLEDGEMENT

Your Company and its Board of Directors would like to express their sincere appreciation for the assistance, support and cooperation received from Government, regulatory authorities, stakeholders, customers, vendors, investors, financial institutions, bankers and members during the year. We place on record our appreciation for the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board

Place : New Delhi
Date : 25th May, 2018

Sd/-
Harmesh Mohan Sood
Director
DIN:07951620

Sd/-
Asha Gadi
Director
DIN:00110734

Annexure - 1

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	MFL Trading Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2017 to 31/03/2018
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rupees
4.	Share capital	1,00,000
5.	Reserves & surplus	(1,44,560)
6.	Total Assets	1,555
7.	Total Liabilities	1,555
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	(14,704)
11.	Provision for taxation	-
12.	Profit after taxation	(14,704)
13.	Proposed Dividend	-
14.	% of shareholding	100

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations Nil
- Names of subsidiaries which have been liquidated or sold during the year. Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of associates/Joint Ventures	Not Applicable
1.	Latest audited Balance Sheet Date	
2.	Shares of Associate/Joint Ventures held by the company on the year end	
	No.	
	Amount of Investment in Associates/Joint Venture	
	Extend of Holding%	
3.	Description of how there is significant influence	
4.	Reason why the associate/joint venture is not consolidated	
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	
6.	Profit/Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

- Names of associates or joint ventures which are yet to commence operations. Nil
- Names of associates or joint ventures which have been liquidated or sold during the year. Nil

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

(For the financial year ended 31st March, 2018)

[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
Milkfood Limited
P.O. Bahadurgarh
Distt. Patiala
Punjab

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Milkfood Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (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 – **Not applicable during the reporting period** as the Company has not received any foreign direct investment, Company has not made any overseas investments and there are no external commercial borrowings during the period under audit.
- (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 Takeover) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable** as the Company has not issued any securities during the year under audit;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not applicable** as the Company has not granted any Options to its employees during the year under audit;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable** as the Company has not issued any debt securities during the year under audit;
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not applicable** as the Company is not registered as a Registrar to an issue and Share Transfer Agent during the year under audit;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable** as the Company has not got delisted its equity shares from the Stock Exchange during the year under audit;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable** as the Company has not bought back any of its securities during the year under audit.
- (vi) Laws specifically applicable to the industry to which the Company belongs, as identified by the Management, that is to say :
 - (i) The Food Safety and Standards Act, 2006 and the Rules & Regulations made thereunder.

For the compliances of Labour Laws & other General Laws, my examination and reporting is based on the documents, records and files as produced and shown to me and the information and explanations as provided to me, by the officers and management of the Company and to the best of my judgment and understanding of the applicability of the different enactments upon the Company, in my opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

I have also examined the compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted as per the requirements of Listing regulations and the Companies Act, 2013. 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 applicable provisions of the Act.

During the period under audit, Mr. Amarjeet Kapoor, Director, has vacated the office from the Directorship of the Company under section 167 of the Companies Act, 2013 due to the disqualification incurred by him u/s 164(2)(a) of the Companies Act, 2013.

Adequate notices are 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.

The minutes of the Annual General Meeting, Board Meetings and Committee Meetings of the Board were duly signed by the Chairman. All the decisions of the Board meetings and Committee meetings are carried out unanimously as recorded in their respective minute books and no dissenting vote has been recorded in the minutes on any matter.

As per the records, the Company generally filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is in compliance with the Act.

I 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 the compliances with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there are no other specific events/actions having a major bearing on the affairs of the Company in pursuance of the laws, rules, regulations, guidelines, standards etc. have taken place.

This report is to be read with my Letter of even date which is annexed as **Annexure-2-A** and form an integral part of this Report.

Place: Gurugram
Date: 25th May, 2018

Sd/-
(Kamlesh Gupta)
Practicing Company Secretary
Membership No. A-13862
C.P. No. 10451

Annexure-2-A

To
The Members
Milkfood Limited
P.O. Bahadurgarh
Distt. Patiala
Punjab

My Report of even date is to be read along with this letter:

1. Maintenance of Secretarial Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of contents of the Secretarial Records. The verifications were done on test basis to ensure that correct facts are reflected in the Secretarial Records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation about the compliances 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 the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Gurugram
Date: 25th May, 2018

Sd/-
(Kamlesh Gupta)
Practicing Company Secretary
Membership No. A-13862
C.P. No. 10451

Annexure-3

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

1. CONSERVATION OF ENERGY

- I. Your Company has been making efforts to reduce energy consumption by focusing on improving the steam efficiency and capacity utilization, upgradation of technology, modernization of plants/ training and motivation of employees towards energy conservation.
- II. The Company has installed steam turbine for generation of electricity and fuel efficient boiler. Implementation of refrigeration systems consuming low power has been completed.
- III. There is no capital investment on energy conservation equipments during the year.

Details pertaining to energy consumption as prescribed are given hereunder:

		Year ended 31.03.2018	Year ended 31.03.2017
A) Power and Fuel consumption			
1) Electricity			
a) Purchased			
Units		32,30,172	2,990,690
Total Value	(Rs.)	2,58,67,053	24,828,112
Rate/Unit	(Rs.)	8.01	8.30
b) Own Generation			
(i) Through Diesel Generator			
Units		72,580	93,390
Total Value	(Rs.)	16,30,936	2,327,747
Unit per litre of:			
Diesel Oil		2.66	2.63
Cost/Unit	(Rs.)	22.47	24.93
(ii) Through Steam Turbine			
Units		7,37,371	299,458
Total Value	(Rs.)	58,91,464	2,282,025
Unit per Kgs of:		7.99	7.62
Steam		28,012	13,163
Cost/Unit	(Rs.)	1.21	1.02
2) Others/Internal Generation			
Rice Husk/Petroleum Coke/Charcoal			
Buggase/Fire Wood			
Quantity(MT)		12,357	7,839
Total Amount	(Rs.)	4,60,38,936	27,087,003
Avg. Rate	(Rs.)	3,726	3,455

The Company has two manufacturing plants at different locations and produces various products and uses different sources of energy in different combinations for the different products. It is, therefore, not feasible to arrive at the energy consumption per unit for each source of energy.

2. TECHNOLOGY ABSORPTION

The Company has not imported any technology for the various products being produced / marketed by it. Up-gradation of technology is a continuous process. There is ongoing work for the quality improvement, finding alternative packing materials, improvement in the various processes. No expenditure has been incurred on research & development during the year.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO : NIL

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2018

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

1. REGISTRATION & OTHER DETAILS:

i	CIN	LI5201PB1973PLC003746
ii	Registration Date	31-03-1973
iii	Name of the Company	Milkfood Limited
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered office and contact details	Bahadurgarh, Distt. Patiala (Punjab)-147021 Ph. 0175-2381404, Fax: 0175-2380248
vi	Whether Listed Company	Yes (Listed in BSE Ltd.)
vii	Name, Address and Contact details of Registrar and TransferAgent, if any	Alankit Assignments Limited 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi-110055 Phone: 011-42541234, 23541234, e-mail : rta@alankit.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Ghee	15203	88
2	Milk Powder	15201	12

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1	MFL Trading Private Limited	U51109DL2010PTC208069	Subsidiary	100	Section 2(87) (ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	2400084	0	2400084	49.12	2400084	0	2400084	49.12	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	48250	0	48250	0.99	48250	0	48250	0.99	0
d) Bank /FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
SUB TOTAL: (A) (1)	2448334	0	2448334	50.11	2448334	0	2448334	50.11	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks /FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-Total(A) (2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1)+ (A)(2)	2448334	0	2448334	50.11	2448334	0	2448334	50.11	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	0	2600	2600	0.05	0	2600	2600	0.05	0
b) Banks/FI	50	450	500	0.01	50	450	500	0.01	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	265353	0	265353	5.43	265353	0	265353	5.43	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub Total: (B) (1)	265403	3050	268453	5.49	265403	3050	268453	5.49	0
(2) Non Institutions									
a) Bodies Corporate	1367774	4962	1372736	28.09	1371296	4962	1376258	28.17	+0.08
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	406454	366226	772680	15.81	396469	352107	748576	15.32	-0.49
i) Individual shareholders holding nominal share capital in excess of Rs.1 lakhs	19861	0	19861	0.41	34731	0	34731	0.71	+0.30
c) Any other (specify) (i) NRIs	2676	1200	3876	0.08	7442	1200	8642	0.18	+0.10
(ii) Trust	500	0	500	0.01	500	0	500	0.01	0
(iii) Clearing Member	0	0	0	0	946	0	0	0.01	+0.01
Sub-Total (B) (2):-	1797265	372388	2169653	44.40	1811384	358269	2169653	44.40	0
Total Public Shareholding (B) = (B) (1) + (B) (2)	2062668	375438	2438106	49.89	2076787	361319	2438106	49.89	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	4511002	375438	4886440	100	4525121	361319	4886440	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	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/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1.	Karamjit S Jaiswal	1700024	34.79	0	1700024	34.79	0	0
2.	Roshini Sanah Jaiswal	700060	14.33	0	700060	14.33	0	0
3.	Blue Skies Investments Pvt. Ltd.	25250	0.52	0	25250	0.52	0	0
4.	Snowwhite Holdings Pvt. Ltd.	23000	0.47	0	23000	0.47	0	0
	Total	2448334	50.11	0	2448334	50.11	0	0

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

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	2448334	50.11	2448334	50.11
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	No Change in promoters shareholding during the year			
3.	At the end of the year	2448334	50.11	2448334	50.11

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
1.	Dhanvani Investments Private Ltd. At the beginning of the year Bought / Sold during the year At the end of the year	560861 0 -	11.48 0 -	560861 560861 560861	11.48 11.48 11.48
2.	Sudha Commercial Company Limited At the beginning of the year Bought / Sold during the year At the end of the year	489103 0 -	10.01 0 -	489103 489103 489103	10.01 10.01 10.01
3.	Jupiter South Asia Investment Company Limited At the beginning of the year Bought / Sold during the year 09-02-2018 - Sold At the end of the year	187000 132104 -	3.83 2.70 -	187000 54896 54896	3.83 1.13 1.13
4.	CRC Fincap Private Limited At the beginning of the year Bought / Sold during the year At the end of the year	176275 0 -	3.61 0 -	176275 176275 176275	3.61 3.61 3.61
5.	Shiv Muskan Investments Private Limited At the beginning of the year Bought / Sold during the year At the end of the year	110000 0 -	2.25 0 -	110000 110000 110000	2.25 2.25 2.25
6.	National Westminster Bank PLC as Trustee of the Jupiter India Fund At the beginning of the year Bought / Sold during the year 19/02/2018 - Purchase At the end of the year	78353 132104 -	1.60 2.70 -	78353 132104 210457	1.60 2.70 4.30
7.	Ajit Kumar Surana At the beginning of the year Bought/ Sold during the year 07/04/2017 - Purchase 02/06/2017 - Purchase 13/06/2017 - Purchase 16/06/2017 - Sold 23/06/2017 - Purchase 05/09/2017 - Purchase 15/12/2017 - Sold 22/12/2017 - Sold	19861 2500 100 900 900 1000 1000 5000	0.41 0.05 0.00 0.01 0.01 0.02 0.02 0.10	19861 22361 22461 23361 22461 23361 24361 23361 18361	0.41 0.46 0.46 0.47 0.46 0.47 0.49 0.47 0.37

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
	26/12/2017 – Purchase	1000	0.02	19361	0.39
	05/01/2018 – Purchase	1500	0.03	20861	0.42
	09/02/2018 – Sold	7000	0.14	13861	0.28
	23/02/2018 – Sold	943	0.02	12918	0.26
	09/03/2018 – Purchase	1064	0.02	13982	0.28
	16/03/2018 – Sold	982	0.02	13000	0.26
	30/03/2018 - Purchase	250	0.01	13250	0.27
	At the end of the year	-	-	13250	0.27
8.	Deepak Choudhry				
	At the beginning of the year	10000	0.20	10000	0.20
	Bought / Sold during the year	0	0	10000	0.20
	At the end of the year	-	-	10000	0.20
9.	Nisha Mahesh Babaria				
	At the beginning of the year	6043	0.12	0.12	0.12
	Bought/ Sold during the year				
	07/04/2017 - Sold	1800	0.03	4243	0.09
	12/05/2017 - Sold	4243	0.09	4243	0.09
	At the end of the year	-	-	-	-
10.	Sangita Nihar Thakkar				
	At the beginning of the year	5000	0.10	5000	0.10
	Bought/ Sold during the year				
	27/10/2017 – Sold	3986	0.08	1014	0.02
	31/10/2017 – Sold	1014	0.02	-	-
	22/12/2017 – Purchase	1900	0.03	1900	0.03
	19/01/2018 – Sold	900	0.01	1000	0.02
	02/02/2018 - Sold	1000	0.02	-	-
	At the end of the year	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
A.	Directors:				
1.	Mr. Harmesh Mohan Sood-Director				
	At the beginning of the year	20	00	20	00
	Bought / Sold during the year	00	00	20	00
	At the end of the year	-	-	20	00
B.	Key Managerial Personnel (KMPs):				
1.	Mr. Sudhir Avasthi- CEO				
	At the beginning of the year	-	-		
	Bought / Sold during the year				
	30/12/2017 - Purchase	100	00	100	00
	At the end of the year	-	-	100	00

None of the other Directors and Key Managerial Personnel of the Company holds shares in the Company.

V. INDEBTEDNESS

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

(Rs. in lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2240.54	447.00	6.03	2693.57
ii) Interest due but not paid	-	-	4.68	4.68
iii) Interest accrued but not due	-	-	1.29	1.29
Total (i+ii+iii)	2240.54	447.00	12.00	2699.54
Change in Indebtedness during the financial year				
• Addition	266.49	-	-	266.49
• Reduction	764.65	253.21	3.59	1021.45
Net Change	(-) 498.16	(-) 253.21	(-) 3.59	(-) 754.96
Indebtedness at the end of the financial year				
i) Principal Amount	1742.38	193.79	2.45	1938.62
ii) Interest due but not paid	-	-	5.96	5.96
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1742.38	193.79	8.41	1944.58

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		-	-	-	-	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil Nil Nil Nil				
2.	Stock Option	Nil				
3.	Sweat Equity	Nil				
4.	Commission - as % of profit - others, specify...	Nil				
5.	Others, please specify	Nil				
	Total (A)	Nil				
	Ceiling as per the Act					

B. Remuneration paid to other Directors:

(In Rupees)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mrs. Gita Bawa	Mrs. Asha Gadi	Mr. Amarjeet Kapoor	Mrs. Sushma Sagar	Mr. Harmesh Mohan Sood	Mrs. Preeti Mathur	
1.	Independent Directors							
	• Fee for attending board meetings/ committee meetings	45,000/-	40,000/-	-	-	-	-	85,000/-
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (1)	45,000/-	40,000/-	-	-	-	-	85,000/-
2.	Other Non-Executive Directors							
	• Fee for attending board meetings/committee meets	-	-	25,000/-	5,000/-	15,000/-	15,000/-	60,000/-
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	25,000/-	5,000/-	15,000/-	15,000/-	60,000/-
	Total (B)=(1+2)	45,000/-	40,000/-	25,000/-	5,000/-	15,000/-	15,000/-	1,45,000/-
	Total Managerial Remuneration	45,000/-	40,000/-	25,000/-	5,000/-	15,000/-	15,000/-	1,45,000/-
	Overall Ceiling as per the Act.							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd

Rs. in Lacs.

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	113.26	14.82	5.86	133.94
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	11.61	1.36	0.65	13.62
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others:				
	Medical	3.12	0.38	0.13	3.63
	LTA	-	0.77	0.28	1.05
	Employer Provident Fund	13.59	1.11	0.41	15.11
	Any others	3.67	0.44	0.06	4.17
	Total	145.25	18.88	7.39	171.52

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	NONE				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NONE				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT (COMPANY SECRETARY)					
Penalty	NONE				
Punishment					
Compounding					

Annexure-5

A. DETAILS PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Relevant Clause u/r 5(1)	Prescribed Requirement	Particulars
(i)	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	Not Applicable .(Company is not paying any remuneration to its directors).
(ii)	Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year.	- Mr. Sudhir Avasthi , CEO -10 % - Mr. Sanjeev Kothiala , CFO - 10 % - Mr. Rakesh Kumar Thakur , Company Secretary - 10 %
(iii)	Percentage increase in the median remuneration of employees in the financial year.	10%
(iv)	Number of permanent employees on the rolls of Company.	183
(V)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	- Average increase in remuneration of Managerial Personnel - 10% - Average increase in remuneration of employee other than Managerial Personnel -10%
(Vi)	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration is as per the Nomination and Remuneration policy for Directors, KMP and other employees of the Company , formulated pursuant to the provision of section 178 of the Company Act , 2013 .

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 arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts / arrangements / transactions: NA
- (c) Duration of the contracts / arrangements / transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Justification for entering into such contracts or arrangements or transactions: NA
- (f) Date(s) of approval by the Board: NA
- (g) Amount paid as advances, if any: NA
- (h) Date on which the resolution was passed in general meeting as required under first proviso to section 188: NA

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: NA
- (b) Nature of contracts / arrangements / transactions: NA
- (c) Duration of the contracts / arrangements / transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Date(s) of approval by the Board, if any: NA
- (f) Amount paid as advances, if any: NA

For and on behalf of the Board

Sd/-
Harmesh Mohan Sood
Director
DIN:07951620

Sd/-
Asha Gadi
Director
DIN:00110734

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

In accordance with Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"], the report containing the details of Corporate Governance of Milkfood Limited is as follows:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company firmly believes that Corporate Governance is crucial to the very existence of a company, as the implementation of Code on Corporate Governance goes a long way in attainment of the highest levels of transparency, accountability and equity in all facets of operations. Your Company is committed to the adoption of best Corporate Governance Practices.

BOARD OF DIRECTORS:

As on 31st March, 2018, the Board of Directors of the Company has four members. The Board is primarily responsible for the overall management of the Company's business. None of the Directors are related to each other. The composition of the Board of Directors is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the relevant provisions of the Companies Act, 2013.

None of the Directors of the Company is a member of more than ten Committees or Chairman of more than five Committees across all companies in which he/she is a Director.

During the financial year 2017-18, nine Board meetings were held i.e. on 10.04.2017, 15.05.2017, 30.05.2017, 11.08.2017, 14.09.2017, 29.09.2017, 14.12.2017, 08.02.2018 and on 26.03.2018.

Composition of Board of Directors as on 31st March, 2018 and other details are as under:

Name	Category	No. of Board Meeting held during the financial year 2017-18	No. of Board Meetings attended	Whether previous AGM held on 26th Sept., 2017 attended	No. of Directorships held in other companies*	No. of Committee positions held in other public limited companies as a Chairman	No. of Committee positions held in other public limited companies as a Member
Mrs. Asha Gadi	Non -Executive Independent Director	9	8	No	3	Nil	Nil
Mrs. Gita Bawa	Non -Executive Independent Director	9	9	No	Nil	Nil	Nil
** Mr. Harmesh Mohan Sood	Non -Executive Non Independent Director	9	3	NA	Nil	Nil	Nil
** Mrs. Preeti Mathur	Non -Executive Non Independent Director	9	3	NA	Nil	Nil	Nil

*Directorship held in other companies by the Directors of the Company is on the basis of the information furnished by the Directors.

**Mr. Harmesh Mohan Sood was appointed as the Additional Director of the Company in the Board meeting held on 29th September, 2017 in the category of Non Executive Non Independent Director.

** Mrs. Preeti Mathur was appointed as the Additional Director of the Company in the Board meeting held on 29th September, 2017 in the category of Non Executive Non Independent Director.

Mrs. Sushma Sagar has resigned from the Board of Directors w.e.f. 15th May, 2017.

Mr. Amarjeet Kapoor, Director, has vacated the office from the Directorship of the Company w.e.f. 29th September, 2017, under section 167 of the Companies Act, 2013 due to the disqualification incurred by him under section 164(2)(a) of the Companies Act, 2013.

INDEPENDENT DIRECTORS' MEETING:

During the year under review, a separate meeting of the Independent Directors was held on 27th December, 2017, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors Viz. Mrs. Gita Bawa and Mrs. Asha Gadi were present at the meeting. The following issues were discussed in detail:

- Review the performance of non-independent directors and the Board as a whole;
- Assessment of the quality, quantity and timeliness flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

NO. OF SHARES HELD BY THE NON EXECUTIVE DIRECTORS:

None of the Non Executive Directors of the Company held any shares of the Company except Mr. Harmesh Mohan Sood who holds 20 shares of the Company.

AUDIT COMMITTEE:

The Audit Committee of the Company comprises of two Independent Directors and one Non Executive Non Independent Director. The terms of reference, role and powers of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31st March, 2018, the composition of the Audit Committee is as follows:

Name	Designation
Mrs. Asha Gadi	Chairperson
Mrs. Gita Bawa	Member
Mr. Harmesh Mohan Sood	Member

Mr. Rakesh Kumar Thakur, Company Secretary, acts as the Secretary of the Committee.

During the financial year 2017-18, the Audit Committee held five meetings i.e. on 30th May, 2017, 14th September, 2017, 29th September, 2017, 14th December, 2017 and on 8th February, 2018.

Attendance at the meetings is as follows:

Name of Members	No. of meetings held during the financial year 2017-18	Meetings attended
Mrs. Asha Gadi	5	5
Mrs. Gita Bawa	5	5
Mr. Amarjeet Kapoor*	5	2
Mr. Harmesh Mohan Sood	5	3

*Mr. Amarjeet Kapoor has been ceased to be the member of the Audit Committee w.e.f. 29th September, 2017 and in his place Mr. Harmesh Mohan Sood has been appointed as the member of the Committee w.e.f. 29th September, 2017.

NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee comprises of two Independent Directors and one Non Executive Non Independent Director. The terms of reference, role and powers of the Committee are in accordance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31st March, 2018, the Nomination & Remuneration Committee comprises of the following three Directors of the Company:

Name	Designation
Mrs. Asha Gadi	Chairperson
Mrs. Gita Bawa	Member
Mrs. Preeti Mathur*	Member

Mrs. Preeti Mathur has been appointed as the Member of the Committee w.e.f. 29th September, 2017 in place of Mr. Amarjeet Kapoor who ceased to be the member of the Committee w.e.f. 29th September, 2017.

During the financial year 2017-18, two meeting of the Committee were held on 10th April, 2017 and on 10th August, 2017.

Attendance at the meeting is as follows:

Name of Members	No. of meetings held during the financial year 2017-18	Meeting attended
Mrs. Asha Gadi	2	2
Mrs. Gita Bawa	2	2
Mr. Amarjeet Kapoor	2	2
Mrs. Preeti Mathur	2	NA

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KMPs AND OTHER SENIOR EMPLOYEES:

The Nomination & Remuneration Committee has formulated a policy for selection and appointment of Directors, KMPs and senior employees and for the determination of their remuneration. The highlights of this policy are as follows:

1. Criteria of Selection of Non Executive Directors and Remuneration:

- a. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge their functions and duties effectively.
- c. The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- d. The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for the appointment as a Director:
 - i. Qualification, expertise and experience of the Directors in their respective fields;
 - ii. Personal, professional or business standing;
 - iii. Diversity of the Board.
- e. In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees for participation in the Board meetings/Committee meetings as may be approved by the Board of Directors within the overall limits as prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

2. Managing Director & Whole-time Director- criteria for selection/appointment and remuneration:

For the purpose of selection of Managing Director or Whole time Director, the Committee shall identify person of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration the recommendations, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration:

1. At the time of appointment or re appointment, the Managing Director or Whole time Director may be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director or Whole time Director within the overall limits prescribed under the Companies Act, 2013.
2. The remuneration shall be subject to the approval of the members of the Company in their general meeting.
3. In determining the remuneration, the Committee shall ensure/consider the following:
 - a. The relationship of remuneration and performance benchmarks is clear.
 - b. Responsibilities required to be shouldered by the Managing Director or Whole time Director, the industry benchmarks and the current trends.

3. Remuneration Policy for the Senior Management Employees:

In determining the remuneration of the Senior Management Employees (i.e. KMPs and senior officers just below the Board level other than the Managing Director and Whole time Director), the Committee shall ensure / consider the following:

- i. the relationship of remuneration and performance benchmark is clear;
- ii. the remuneration including annual increment is decided based on the criticality of the roles responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance and current compensation trends in the market.

DETAILS OF REMUNERATION PAID TO DIRECTORS:

The Company pays sitting fees to all the Non Executive Directors of the Company for the Board meetings attended by them. The sitting fees paid to the Non Executive Directors of the Company for the financial year ended on 31st March, 2018 is as follows:

S.No.	Name of Directors	Sitting fees
1.	Mrs. Gita Bawa	Rs. 45,000/-
2.	Mrs. Asha Gadi	Rs. 40,000/-
3.	Mr. Amarjeet Kapoor	Rs. 25,000/-
4.	Mr. Harmesh Mohan Sood	Rs. 15,000/-
5.	Mrs. Preeti Mathur	Rs. 15,000/-
6.	Mrs. Sushma Sagar	Rs. 5,000/-

STAKEHOLDERS RELATIONSHIP COMMITTEE:

In view of the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Stakeholders Relationship Committee comprises of Non Executive Director as the Chairperson. The functioning and terms of reference of the Committee are as prescribed under and in due compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 with particular reference to the complaints related to transfer of shares, grievances of shareholders and also functions in an efficient manner that all issues / concerns of the stakeholders are addressed / resolved promptly.

As on 31st March, 2018, the composition of the Stakeholders Relationship Committee is as follows:

Name	Designation
Mr. Harmesh Mohan Sood *	Chairman
Mrs. Asha Gadi	Member
Mrs. Gita Bawa	Member

*Mr. Amarjeet Kapoor ceased to be the Chairman of the Committee w.e.f. 29th September, 2017 and in his place Mr. Harmesh Mohan Sood, Non Executive Director, has been appointed as the Chairman of the Stakeholders' Relationship Committee w.e.f. 29th September, 2017.

*Mrs. Sushma Sagar has ceased to be the member of the Committee w.e.f. 15th May, 2017 and in her place Mrs. Gita Bawa has been appointed as member of the Committee.

The Committee held two meetings during the financial year 2017-18. Attendance at meetings is as follows:

Date of Meeting	Mr. Amarjeet Kapoor	Mrs. Asha Gadi	Mrs. Gita Bawa	Mrs. Sushma Sagar	Mr. Harmesh Mohan Sood
10.04.2017	Yes	Yes	NA	Yes	NA
10.08.2017	Yes	Yes	Yes	NA	NA

During the year under review, no complaints have been received from the shareholders of the Company. Mr. Rakesh Kumar Thakur, Company Secretary, acts as the Secretary of the Committee and also as the Compliance Officer of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Company has constituted a Corporate Social Responsibility Committee comprising of three Directors. The composition of the Committee is as under:

1. Mr. Harmesh Mohan Sood, Non Executive Director - Chairman
2. Mrs. Asha Gadi, Independent Director - Member
3. Mrs. Preeti Mathur, Non Executive Director - Member

The Board of Directors of your company has also adopted the CSR Policy of the Company, which is available on the website of the Company at www.milkfoodltd.com.

ANNUAL GENERAL MEETINGS:

Location and time for the last three AGMs:

Year	Date	Venue	Time	No. of Special Resolutions passed
2015	29.09.2015	Registered Office	9.00 A.M.	Three
2016	29.09.2016	Registered Office	9.00 A.M.	Nil
2017	26.09.2017	Registered Office'	9.00 A.M.	Nil

No resolution has been passed through Postal Ballot.

DISCLOSURE:

During the financial year 2017-18, the Company has entered upon related party transactions which have been disclosed in Note 34 to the Accounts.

There has not been any non compliance and no penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets during the financial year under review.

The Company has complied with all the mandatory requirements as mentioned in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CODE OF CONDUCT:

The Company has adopted a Code of Conduct for Board Members and Senior Management Team of the Company. All Board Members and Senior Management Personnel of the Company have affirmed the compliance with the Code. A declaration to this effect duly signed by Mr. Sudhir Avasthi, Chief Executive Officer of the Company is annexed. The Code of Conduct has been posted on the website of the Company, www.milkfoodltd.com.

MEANS OF COMMUNICATION:

The quarterly, half yearly and yearly financial results of the Company are forwarded to the Bombay Stock Exchange where the shares of the Company are listed immediately upon the approval by the Board of Directors and are published in English daily and in a Punjabi daily as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are posted on the Company's website.

Management Discussion and Analysis Report is annexed and forms part of the Annual Report.

GENERAL SHAREHOLDERS' INFORMATION:**Annual General Meeting (AGM):**

Date & Time	: 26 th September, 2018, 9.00 A.M.
Venue	: Registered Office
Book Closure Date	: 19 th September, 2018 to 25 th September, 2018 (both days inclusive)
Dividend	: Nil

Financial Calendar for 2018-19: (Tentative)

Financial Results for	
First Quarter	: up to mid August, 2018
Second Quarter	: up to mid November, 2018
Third Quarter	: up to mid February, 2019
Fourth Quarter	: up to 30 th May, 2019

Market Price Data:

High and Low market price during each month in last financial year from April, 2017 to March, 2018 at Bombay Stock Exchange Limited (BSE) is as follows:

(In Rs.)

Month	High	Low	Sensex High	Sensex Low
April, 17	263.5	235.1	30184.22	29241.48
May, 17	253	208	31255.28	29804.12
June, 17	232.7	206	31522.87	30680.66
July, 17	226	205	32672.66	31017.11
August, 17	214.95	186.3	32686.48	31128.02
September, 17	256	203.4	32524.11	31081.83
October, 17	230	201.6	33340.17	31440.48
November, 17	242.55	207	33865.95	32683.59
December, 17	486.85	217.05	34137.97	32565.16
January, 18	417	361	36443.98	33703.37
February, 18	568	318.05	36256.83	33482.81
March, 18	548	439	34278.63	32483.84

Registrar and Share Transfer Agent:

M/s. Alankit Assignments Ltd., 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi-110055 acts as Registrar and Share Transfer Agent of the Company.

However, keeping in view the convenience of shareholders documents relating to shares and other correspondence will continue to be received by the Company at the Head Office at 5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019.

Share Transfer System:

The Company's Registrar and Share Transfer Agent, M/s. Alankit Assignments Ltd. has adequate infrastructure to process the share transfers. The requests received for the transfer of shares are processed within 15 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects. Demat requests are processed within 21 days from the date of receipt to give credit of the shares through the Depository.

Distribution of Shareholding as on 31st March, 2018:

Share holding of nominal value of Rs.	No. of shareholders	No. of shares held	% age of total shareholding (Rounded off)
1-5000	4555	767956	15.72
5001-10000	4	33827	0.69
10001-20000	3	34731	0.71
20001-30000	2	48250	0.99
30001-40000	0	0	0
40001-50000	0	0	0
50001-100000	1	54896	1.12
100001 and above	7	3946780	80.77
Total	4572	* 4886440	100.00

Shareholding pattern as on 31st March, 2018:

Particulars	No. of shares held	%age of shares held (Rounded off)
Promoters	2448334	50.11
Mutual Funds	2600	00.05
Banks, Financial Institutions & Insurance Companies	500	00.01
FPIs	265353	5.43
Corporate Bodies	1377204	28.18
Indian Public	783307	16.03
NRI/OCBs	8642	00.18
Trust/Custodian	500	00.01
Total	*4886440	100.00

*includes 2875 partly paid up equity shares.

Dematerialization of Shares and Liquidity:

As the members are aware, your Company's shares are tradable compulsory in electronic form and your Company has established the electronic connectivity with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialization of the Company's Shares on either of the Depositories as aforesaid.

As on 31st March, 2018, 92.61% Equity Capital was held in dematerialized form and the balance in physical form.

Plant Locations:

Patiala Plant: P.O. Bahadurgarh, Distt. Patiala -147021, Punjab

Moradabad Plant: Village Mugulpur, Urf Agwanpur, Kanth Road, Distt. Moradabad (U.P.)

Address for correspondence:

Registered Office: P.O. Bahadurgarh, Distt. Patiala-147021, Punjab.

Tel: 0175-2381404, Fax: 0175-2380248

Head Office & Share Department:

5th Floor, Bhandari House, 91, Nehru Place, New Delhi-110019. Tel: 011-26460670, Fax: 011-26460823

Investors' e-mail ID: investor_grievances_redressal@milkfoodltd.com, sectl@milkfoodltd.com

Website : www.milkfoodltd.com

Information on Directors seeking appointment/re-appointment at this Annual General Meeting

(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & the relevant provisions of Companies Act, 2013).

Appointment of Mr. Harmesh Mohan Sood as Non Executive Non Independent Director: DIN 07951620

Mr. Harmesh Mohan Sood is 70 years old. He is Bachelor of Science in Engg., Chartered Engineer and has vast business and administration experience of more than four decades. He is well versed with the intricacies of business management, expert in technical services, project planning and implementation, valuation, personnel relation and taxation. He is not holding directorship in any other company. He is not holding chairmanship/membership of any committees in any other public limited Company. Mr. Sood is not related with any other Director of the Company and is holding 20 shares of the company. He is rendering professional services to the company as a consultant and getting consultancy fees.

Appointment of Mrs. Preeti Mathur as Non Executive Non Independent Director: DIN 07951647

Mrs. Preeti Mathur is 53 years old and post graduate. She has vast experience in business management and administration. She is not holding directorship in any other company. She is not holding chairmanship/membership of any committees in any other public limited Company. She is not related with any other Director of the Company.

Disclosure of Compliance with Corporate Governance Requirements specified in SEBI (LODR) Regulations

The Company has complied with all the applicable regulations of SEBI (LODR) Regulations.

The Company submits a quarterly compliance report on corporate governance signed by Compliance Officer to the Stock Exchange within 15 (fifteen) days from the close of every quarter. Such quarterly compliance reports on corporate governance are also posted on the Company's website.

Declaration pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

I, Sudhir Avasthi, Chief Executive Officer, hereby declare that the Code of Conduct adopted by the Company for its Board and Senior Management Personnel has been duly complied by all Board Members and Senior Management Personnel of the Company.

New Delhi
25th May, 2018

Sd/-
Sudhir Avasthi
Chief Executive Officer

Management Discussion And Analysis:

INDUSTRY STRUCTURE, OUTLOOK AND DEVELOPMENT

India continues to hold its leadership position in global milk production. During last decade, milk production in India has grown, income levels going up, demand for milk products has also grown.

The laws regulating the safety and quality of food are in existence since 1899. The number of legislations and quality standards have also increased substantially with the passage of time and growth of the industry. The food sector in India is governed by a multiplicity of laws under different Ministries. The “Food Safety and Standards Act, 2006”, aims to integrate the food safety laws in the country in order to systematically and scientifically develop the food processing industry and shift from a regulatory regime to self-compliance.

Organized dairy sector is growing and investor interest in dairy industry is also quite high.

The main aim of the Indian dairy industry is to enhance milk production and upgrade milk processing system by using innovative technologies.

OPPORTUNITIES AND THREATS

Opportunities

- (i) With increased income levels, demand of milk products has gone up. This would mean higher consumption of conventional milk products as also introduction of new milk based products.
- (ii) Milk is a preferred source of protein by Indian populace. Milk and milk products are therefore likely to get preference from consumers who look for protein rich food.
- (iii) India is the largest producer of buffalo milk which is a preferred variety of milk for making certain type of cheese. It offers a good export opportunity for Indian cheese made of buffalo milk.

Threats

- (i) Production of milk in India is very widely scattered in rural areas and at vast distances from the places of consumption i.e. urban areas.
- (ii) With increase in education level of young farmers, there is a tendency among the young folk to prefer white collar jobs over conventional dairy farming profession.
- (iii) With pressure on available land from food crops, there is hardly any scope of increasing cultivation of cattle feed.

GROWTH OUTLOOK

Milk production as well as production of milk products by organized sector is expected to grow at a robust pace. Higher rate of growth is expected in value added dairy products. Western dairy products, which currently occupy a small space, are likely to grow on a faster clip. Packaged milk and products are likely to progressively replace loose milk and products.

EXPANSION PLANS

Company holds on to its long term vision of becoming a significant player in Dairy space.

RISKS & CONCERNS

With rise in education level of rural population, young generation of farmers is showing apathy for their ancestral profession. There is a tendency in them to prefer white collar jobs over dairy farming in its present form.

Government - both Central and State - have increased their focus on ensuring safe food products including milk products to the consumer. However, due to the lack of adequate testing equipments in Government labs, lot of fear and confusion has been created in the minds of industry as well as consumers.

SEGMENT WISE /PRODUCT WISE REPORTING

The Company is operating in the single segment and engaged in the manufacture and sales of dairy products i.e. pure ghee, skimmed milk powder, whole milk powder, casein, de-mineralized whey powder and dairy whitener. Therefore, segment wise information has not been disclosed.

INTERNAL CONTROL SYSTEM

The Company has structured the internal control system. In view of the large size of the business and to enforce highest levels of transparency, the Company has appointed an independent firm of Chartered Accountants, M/s Lalit Kumar & Co. to act as the internal auditor of the Company covering nearly all aspects related to the working of the Company. The Company has paid particular attention on proper maintenance of equipments to ensure that they are operated at the rated capacities. The Company has taken the effective steps for the reduction of cost and to improve the quality of the product.

The integrated financial accounting system supported by inbuilt controls, ensures reliable and timely financial and operational reporting.

The management has taken the stringent steps to give better milk products to the consumer.

Establishment of milk collection centers and chilling centers has enhanced the life of raw milk and has minimized the wastage.

FINANCIAL PERFORMANCE

Financial performance of the Company has been given separately in the Directors' Report.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

It goes without saying that human resource is of primary importance to any productive activity. In a dairy plant, which is considered to be highly labour intensive, the proper planning and use of human power become highly significant to get proper productivity.

Manpower in the form of labours, supervisors and management personnel are properly selected and deployed to have optimum output and to carry out operations smoothly. Company has laid high emphasis on suitable policies and strategies to up keep the high level of human motivation towards the plant operations. Company is aimed to establish the atmosphere that all human resource from labours to managers behaves in the context of the organizational objectives.

DISCLAIMER STATEMENT

Statements made in the Report describing the current industry structure, development are based on certain assumptions and expectations. The Company cannot guarantee that these assumptions and expectations are accurate.

For and on behalf of the Board

Place : New Delhi
Date : 25th May, 2018

Sd/-
Harmesh Mohan Sood
Director
DIN:07951620

Sd/-
Asha Gadi
Director
DIN:00110734

CERTIFICATE ON THE COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of Milkfood Limited

I have examined the compliance of conditions of Corporate Governance by M/s Milkfood Limited for the year ended March 31, 2018, as per the relevant applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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

On the basis of my review and according to the information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

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

Place : Gurugram
Date : 25th May, 2018

Sd/-
(Kamlesh Gupta)
Practicing Company Secretary
Membership No. A-13862
CP No.: 10451

INDEPENDENT AUDITOR'S REPORT

To the Members of Milkfood Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Milkfood Limited** ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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 and presentation of these standalone 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 the Companies (Indian Accounting Standards) Rules 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2018 and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to the Note No. 3(v) regarding classification/depreciation on Casien plant, Note No (6)(i) & (ii) regarding trade receivables, Note No. 7(i) regarding security deposit, Note 7(ii) & 10(i) regarding amount due from employees, Note No 9(i) regarding non moving stock, Note No 13(i) regarding advance to suppliers, Note No 13(iii) regarding classification of CERs, Note No. 17(i) regarding classification of security deposit from suppliers.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”; and
- (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

for V. P. Jain & Associates

Chartered Accountants

Firm’s registration number: 015260N

Swati Madaan

Partner

Membership number: 521697

Place: New Delhi

Date: 25th May 2018

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:

- (i) In respect of fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company has a programme of verification of fixed assets to cover all the items 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. Pursuant to the said programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us and on the basis of our examination of the records of the Company and certificate provided by the bank, the title deeds of immovable properties are held in the name of the Company. Original copy of title deed has not been produced as the same is deposited as security with bank under loan agreement as confirmed by the management & Bank.
- (ii) In respect of its inventories:
- As explained to us, inventories have been physically verified during the year by the Management at reasonable intervals, other than stock lying with third parties where certificates confirming physical inventory have been received.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans and made any investment within the meaning of section 185 & 186 of the Act. Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (v) According to the information and explanation given to us, the company has not accepted any deposits during the year. Company is of the view that provision of Section 74(1)(b) of the Act are complied with in pursuance of Rule 19 of the Acceptance of Deposits Rules, 2014. It is also confirmed by the company that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) According to the information and explanations given to us and on the basis of our review of the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 we are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) In respect of statutory dues:
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has generally been regular in depositing 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 applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid statutory dues in arrears as at 31.03.2018 for a period of more than six months from the date they became payable.
 - According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited as at 31.03.2018 on account of any dispute except as follows:

Sr. No.	Name of Statute	Nature of Dues	Amount Rs/lacs	Forum where dispute is pending
1	U.P. Vat Act, 2008	Regular demand for Assessment year 2015-16	3.83	Before Addl. Commissioner (Appeals), Moradabad.
2	U.P. Vat Act, 2008	Regular demand for Assessment year 2016-17	13.50	Before Addl. Commissioner (Appeals), Moradabad.

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government during the year.
- (ix) In our opinion and according to the information and explanation given to us, the term loans have been applied by the company during the year for the purposes for which they were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided any managerial remuneration within the meaning of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for V. P. Jain & Associates
Chartered Accountants
 Firm's registration number: 015260N

Swati Madaan
Partner

Place: New Delhi
 Date: 25th May 2018

Membership number: 521697

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Milkfood Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if

such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

for V. P. Jain & Associates

Chartered Accountants

Firm's registration number: 015260N

Swati Madaan

Partner

Membership number: 521697

Place : New Delhi

Date : 25th May 2018

Balance Sheet

as at 31st March, 2018

Particulars	Notes	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 1 April, 2016 (Rs. in lacs)
A ASSETS				
1 Non-current assets				
Property, Plant and Equipment	3A	16,332	16,478	16,167
Capital work in progress	3B	149	169	155
Biological Assets	4	195	179	129
Financial assets				
- Investments	5	2	2	2
- Trade Receivables	6	93	18	11
- Deposits, Loans & Advances	7	115	134	266
Other non-current assets	8	118	117	123
Total Non - Current Assets		17,004	17,097	16,853
2 Current assets				
Inventories	9	7,455	7,514	6,333
Financial assets				
- Trade receivables	6	486	1,625	1,716
- Loans	10	163	165	205
- Cash and cash equivalents	11	75	107	161
- Others	12	27	32	20
Other current assets	13	726	242	512
Total Current Assets		8,932	9,685	8,947
TOTAL ASSETS		25,936	26,782	25,800
B EQUITY AND LIABILITIES				
1 Shareholders' funds				
Equity Share capital	14	489	489	489
Other Equity	15	9,331	8,546	8,660
Total Equity		9,820	9,035	9,149
2 Non-current liabilities				
Financial liabilities				
- Borrowings	16	1,225	1,865	2,239
- Other financial liabilities	17	4,704	5,950	4,421
Deferred Tax Liabilities	32B	279	327	242
Provisions	18 A	203	161	160
Total Non - Current Liabilities		6,411	8,303	7,062
3 Current liabilities				
Financial liabilities				
- Borrowings	19	5,068	5,661	5,907
- Trade payables	20	3,270	2,547	2,033
- Other financial liabilities	21	949	1,092	1,510
Other current liabilities	22	359	93	95
Provisions	18B	59	51	44
Total Current Liabilities		9,705	9,444	9,589
TOTAL EQUITY & LIABILITIES		25,936	26,782	25,800

Significant accounting policies 2

The accompanying notes 1 to 42 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors of Milkfood Ltd

For **V. P. Jain & Associates**

Chartered Accountants

FRN. 015260N

SWATI MADAAN

Partner

Membership No. 521697

Place : New Delhi

Date : 25 May, 2018

Harmesh Mohan SoodDirector
07951620**Gita Bawa**Director
00111003**Asha Gadi**Director
00110734**Rakesh K Thakur**
Company Secretary**Sanjeev Kothiala**
C.F.O**Sudhir Avasthi**
C.E.O

Statement of Profit and Loss

for the year ended 31st March, 2018

Particulars	Note No.	For the year ended 31 March, 2018 (Rs. in lacs)	For the year ended 31 March, 2017 (Rs. in lacs)
1 Revenue from operations	23	49,093	38,877
2 Other income	24	20	55
3 Total revenue (1+2)		49,113	38,932
4 Expenses			
(a) Cost of materials consumed	25	42,758	34,994
(b) Changes in inventories of finished goods and work-in-progress	26	103	(1,282)
(c) Employee benefits expenses	27	1,497	1,255
(d) Finance Cost	28	1,047	1,236
(e) Depreciation and amortisation expenses	29	635	536
(f) Other expenses	30	2,103	1,792
Total expenses		48,143	38,531
Profit before exceptional items		970	401
Exceptional Items Expenses	31	-	409
5 Profit before tax (3-4)		970	(8)
6 Tax expense/ (credit) (net)			
(a) Current tax	32A	189	-
(b) Deferred tax	32B	(35)	92
Total tax expenses / (credit)		154	92
7 Profit/(loss) for the period (5-6)		816	(100)
8 Other comprehensive income:			
(i) Items that will not be reclassified to Statement of Profit and Loss			
Re-measurement gains/ (losses) on defined benefit plans		(38)	(21)
Tax impact on re-measurement gain/ (losses) on defined benefit plans		13	7
Total other comprehensive income/ (losses) for the year (net of tax)		(25)	(14)
Total comprehensive income for the year		791	(114)
9 Earnings per share (of Rs 10/- each):			
Basic and Diluted - in Rs ‘	33	16.18	(2.32)

Significant accounting policies

2

The accompanying notes 1 to 42 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors of Milkfood Ltd

For **V. P. Jain & Associates**

Chartered Accountants

FRN. 015260N

SWATI MADAN

Partner

Membership No. 521697

Place : New Delhi

Date : 25 May, 2018

Harmesh Mohan Sood

Director

07951620

Gita Bawa

Director

00111003

Asha Gadi

Director

00110734

Rakesh K Thakur

Company Secretary

Sanjeev Kothiala

C.F.O

Sudhir Avasthi

C.E.O

Cash Flow Statement

for the year ended 31st March, 2018

	Note	For the year ended 31 March, 2018 (Rs. in lacs)	For the year ended 31 March, 2017 (Rs. in lacs)
A. Cash flow from operating activities:	1		
Net profit before taxation		970	(8)
Adjustments for :			
Depreciation and Amortisation expense		635	536
Finance costs		1047	1236
Liabilities no longer required written back		(11)	(34)
Bad Debts Written Off		5	6
Loss on sale of Fixed Assets		-	6
Interest Income		(9)	(9)
Exceptional Items Expenses (Net)		-	409
Operating profit before working capital changes		2638	2143
<u>Changes in working capital</u>			
Adjustments for (increase) / decrease in operating assets:			
Inventories		44	(1232)
Trade receivables		1064	84
Financial assets -Others		5	(12)
Financial assets -Loan		2	40
Other current & non current assets		(465)	408
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		724	514
Other financial liabilities		(1390)	632
Other current & non current liabilities		217	84
Provisions		49	8
Cash Generated From Operations before extraodrinay item		2887	2669
Income tax (paid) /refund (net)		(173)	(10)
Net cash flow from operating activities (A)		2714	2659
B. Cash flow from investing activities:			
Capital expenditure on Property , Plant and equipments		(499)	(867)
Capital work in progress		20	(14)
Proceeds from sale of Investment & Fixed Assets		4	14
Interest received		9	9
Net cash flow used in investing activities (B)		(466)	(856)
C. Cash flow from financing activities:			
Short-term borrowings		(593)	(246)
Long-term borrowings		(640)	(374)
Finance costs		(1047)	(1236)
Net cash flow used in financing activities (C)		(2280)	(1857)
Net increase / (decrease) in cash & cash equivalents (A+B+C)		(32)	(54)
Cash and cash equivalents at the beginning of the year		107	161
Cash and cash equivalents at the end of the year		75	107

1 . The above Statement of Cash Flows has been prepared under the 'indirect method' as set out in Indian Accounting Standard 7 ' Statement of Cash Flows'.

2. Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

The accompanying notes 1 to 42 are integral part of the financial statements

In terms of our report of even date

For **V. P. Jain & Associates**

Chartered Accountants

FRN. 015260N

SWATI MADAAN

Partner

Membership No. 521697

Place : New Delhi

Date : 25 May, 2018

For & On behalf of the Board of Directors of Milkfood Ltd

Harmesh Mohan Sood

Director

07951620

Gita Bawa

Director

00111003

Asha Gadi

Director

00110734

Rakesh K Thakur

Company Secretary

Sanjeev Kothiala

C.F.O

Sudhir Avasthi

C.E.O

NOTE 1 . CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

Milkfood Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at P.O. Bahadurgarh-147021 Distt. Patiala (Punjab), India. Its shares are listed on Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacture and sale of dairy products. The company has two manufacturing locations, one in the state of Punjab at Patiala and one in the state of Uttar Pradesh at Moradabad.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and compliance with Ind AS

- (i) For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, to the extent applicable, and the presentation requirements of the Companies Act, 2013. In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (Ind AS) notified under Section 133 read with Rule 4A of Companies (Indian Accounting Standards) Rules, 2015, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind ASs") with effect from April 1, 2017 and the Company is required to prepare its financial statements in accordance with Ind ASs for the year ended March 31, 2018. These financial statements as and for the year ended March 31, 2018 (the "Ind AS Financial Statements") are the first financial statements, the Company has prepared in accordance with Ind AS.
- (ii) The Company had prepared a separate set of financial statements for the year ended March 31, 2017 and March 31, 2016 in accordance with the Accounting Standards referred to in section 133 of the Companies Act, 2013 (the "Audited Previous GAAP Financial Statements"), which were approved by the Board of Directors of the Company on May 30, 2017 and May 30, 2016 respectively. The management of the Company has compiled the Special Purpose Comparative Ind AS Financial Statements using the Audited Previous GAAP Financial Statements and made required Ind AS adjustments. The Audited Previous GAAP Financial Statements, and the Special purpose Comparative Ind AS Financial Statements, do not reflect the effects of events that occurred subsequent to the respective dates of approval of the Audited Previous GAAP Financial Statements.
- (iii) These financial statements were approved for issue by the Board of Directors on May 25, 2018.
- (iv) Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date of that date. Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.2 Current versus non-current classification

All assets and Liabilities have been classified as current or non-current considering the operating cycle of 12 months.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.3 Basis of measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including derivative financial instruments which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind ASs.

2.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and / or disclosed in these financial statements is determined on such a basis.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which are described as follows ; level I - III

Level I input

Level I input are quoted price in active market for identical assets or liabilities that the entity can access at the measurement date. A quoted market in an active market provided the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exception. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of assets or liabilities held by the entity, even if the market normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level II input

Level II input are input other than quoted market prices included within level I that are observable for the assets or liabilities either directly or indirectly.

Level II inputs include:

- quoted price for similarly assets or liabilities in active market.
- quoted price for identical or similar assets or liabilities in market that are not active.
- input other than quoted prices that are observable for the assets or liabilities , for example –interest rate and yield curve observable at commonly quoted interval.
- implied volatilisise.
- credit spreads.
- input that are derived principally from or corroborated market data correlation or other means ('market corroborated inputs').

Level III input

Level III inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Functional and presentation currency

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest lacs.

2.6 Property, Plant and Equipment

(i) Property, plant and equipment

The Company has applied Ind AS 16 with retrospective effect for all of its property, plant and equipment as at the transition date, viz., 1 April 2016.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

When an item of property, plant and equipment is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflecting in statement of Profit & Loss.

(ii) Capital work in progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Cost includes financing cost relating to borrowed funds attributable to construction.

(iii) Depreciation

The Company depreciates property, plant and equipment over the useful life as prescribed in schedule II of the Companies Act 2013 on the straight-line method from the date the assets are ready for intended use. Assets in the course of construction and freehold land are not depreciated.

The estimated useful lives of assets are as follows:

- Buildings 30-60 years
- Plant and equipments 20 years*
- Furniture and fixtures 8 -10 years
- Vehicles 8 - 10 years
- Office equipments 3 - 6 years

(Including computer software)

*The management has reassessed the remaining useful life of Plant & Machinery with effect from 1st April 2014 in respect of Plant & Machinery, the company is consistently following the policy of charging depreciation over 20 years,

notwithstanding certification by the Govt. approved valuer (Chartered Engineer) of the useful life of Plant & Machinery of more than 35 years. This is in pursuance of proviso to sub clause (c) of clause 3 of schedule II of the Companies Act 2013.

Similarly for addition of Plant & Machinery during the year company has estimated the useful life of 20 years (15 years specified in Schedule II) based upon the certificate of suppliers / manufacturers of Plant & Machinery. Additions made during the year have been capitalized at the year end at Patiala and accordingly depreciation has been charged.

2.7 Intangible Assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.8 Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an assets or a group of assets (cash generating unit) may be impaired. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of the cash generating unit to which the assets belongs.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing the value in use, the estimated future cash flow are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an assets (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of Profit & Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized immediately in the statement of Profit & Loss.

2.9 Cash and Cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

(i) Initial recognition and measurement:

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit and Loss.

(ii) Subsequent measurement of financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(iii) Derecognition of financial assets :

The Company derecognises a financial asset when and only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the Statement of Profit and Loss if such gain or loss would have otherwise been recognized in the Statement of Profit and loss on disposal of that financial asset.

(iv) **Impairment of financial assets:**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets. The Company follows 'simplified approach' for recognition of impairment loss allowance, The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(v) **Subsequent measurement of financial liabilities:**

All the financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at fair value through profit and loss. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

(vi) **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

2.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value. Costs comprises as follow:

- (i) Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- (ii) Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- (iii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- (iv) Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value. Inventories (including whey powder - by product) are valued on lower of cost or net realizable value. In pursuance of IND AS-2 indirect production overheads (estimated by the Management) have been allocated for ascertainment of cost.

2.13 Retirement Benefits

Company follows IND AS-19 as detailed below:-

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (c) Provident Fund:

The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs. 20 Lacs.

Company's liability towards gratuity and compensated absences is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income (OCI) in the period in which they occur. Remeasurement recognized in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

2.14 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking in to account contractually defined terms of payment excluding others taxes or duties collected on behalf of the government. Specific recognition criteria described below must also be met before revenue is recognized.

- (a) Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realizable Value (NRV- certified by the consultant) as per IND AS-2 of ICAI. VCS has been valued at the future realizable value as certified by the consultant.
- (d) Interest Income is recorded on time proportion basis using the effective rate of Interest (EIR).

2.15 Manufacturing policy

The main raw material of the company is milk, which is used to produce Pure Ghee and various types of Milk Powders. For the last few years, the company has changed its policy to produce Pure Ghee and Milk Powders which conforms to the quality standards adopted by the company consistent with its brand image. Quantities of Pure Ghee and Milk Powders are purchased and processed in the plant to give effect to the manufacturing policy and produce a product of high quality on consistent basis.

2.16 Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.18 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the customs rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account. At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account. The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period. Non-monetary items that are measured in historical cost in a foreign currency are not retranslated.

2.19 Earning per shares

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares

2.20 Segment Reporting

The company is operating under a single segment i.e., "Dairy Products- comprising Ghee, Milk Powder, Casein, Whey powder and Dairy whitener" and therefore there are no reportable segments as per IND AS-108 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

2.21 Cash Flow Statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

2.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the standalone Ind AS financial statements.

2.23 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

2.24 Use of estimates and judgments

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which is known/materialised. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- (i) Property, Plant and Equipments –
- (ii) Intangible assets -
- (iii) Taxes on income -
- (iv) Retirement and other employee benefits -

Statement of changes in equity

for the year ended March 31, 2018

A. Equity Share capital:

Issued, subscribed and fully paid up (Share of Rs. 10 each)

Particulars	No. of shares	Rs. In Lacs
At 1 April 2016	4,886,440	489
Issued during the year	-	-
At 31 March 2017	4,886,440	489
Issued during the year	-	-
At 31 March 2018	4,886,440	489

B. Other equity

(Rs. In Lacs)

Particulars	Reserve & Surplus		Other Comprehensive income	Total
	Retained Earnings	Securities Premium	Remeasurement of defined benefit obligations	
Balance as at 1st April, 2016	7,993	670		8,663
Changes in accounting policy / prior period errors	(3)	-		(3)
Restated balance at the beginning of the reporting period (A)	7,990	670		8,660
Loss for the year	(100)	-		(100)
Other Comprehensive Income for the year (net)		-	(14)	(14)
Balance as at 31st March, 2017	7,890	670	(14)	8,546
Changes in accounting policy / prior period errors	(6)	-		(6)
Restated balance at the beginning of the reporting period (A)	7,884	670	(14)	8,540
Profit for the year	816	-		816
Other Comprehensive Income for the year (net)		-	(25)	(25)
Balance as at 31st March, 2018	8,700	670	(39)	9,331

The accompanying notes 1 to 42 are integral part of the financial statements

In terms of our report of even date

For **V. P. Jain & Associates**

Chartered Accountants

FRN. 015260N

SWATI MADAN

Partner

Membership No. 521697

Place : New Delhi

Date : 25 May, 2018

For & On behalf of the Board of Directors of Milkfood Ltd

Harmesh Mohan Sood

Director

07951620

Gita Bawa

Director

00111003

Asha Gadi

Director

00110734

Rakesh K Thakur

Company Secretary

Sanjeev Kothiala

C.F.O

Sudhir Avasthi

C.E.O

Notes to Financial statements for the year ended 31 March, 2018

MILKFOOD LIMITED

Notes to Financial statements for the year ended March 31, 2018

3. Property, plant and equipment

A. Tangible Assets

(Rs. In Lacs)

Particulars	Land	Building	Furniture & Fixtures *	Computers & Pheripherals	Vehicles	Plant & Equipment	Total
(I) Cost							
As at 1 April 2016	7,948	2,630	44	70	632	4,843	16,167
Additions	-	233	49	26	115	444	867
Disposals	-	-	-	-	20	-	20
As at 31 March 2017	7,948	2,863	93	96	727	5,287	17,014
Additions	-	12	9	9	81	388	499
Disposals	-	-	-	-	15	-	15
As at 31 March 2018	7,948	2,875	102	105	793	5,675	17,498
(II) Accumulated depreciation							
As at 1 April 2016	-	-	-	-	-	-	-
Charge for the year	-	108	9	5	104	310	536
Deductions	-	-	-	-	-	-	-
As at 31 March 2017	-	108	9	5	104	310	536
Charge for the year	-	110	8	7	178	332	635
Deductions	-	-	-	-	5	-	5
As at 31 March 2018	-	218	17	12	277	642	1,166
Net block Value (I) - (II)							
As at 1 April 2016	7,948	2,630	44	70	632	4,843	16,167
As at 31 March 2017	7,948	2,755	84	91	623	4,977	16,478
As at 31 March 2018	7,948	2,657	85	93	516	5,034	16,332

(B) Capital work in progress:

As at 1 April, 2016	155
As at 31 March, 2017	169
As at 31 March, 2018	149

Footnote:

- For details of Property, plant and equipment charged as security of borrowings refer Note 16.
- The company has elected measure item of property, plant and equipment and intangible assets at its carrying value at the transition date except for certain class of assets which are measured at fair value as deemed cost. As a result accumulated depreciation on 01.04.2016 is shown at NIL.
- Estimated amount of capital contracts remaining to be executed is Rs. 8 Lacs (Year 2017 Rs. 20 Lacs, Year 2016 Rs 18 Lacs)
- * includes office equipment.
- Casien Plant has remained inactive for the last few years but maintenance is being incurred. Company decided to hold all the assets and machinery of the casein plant as investment for strategic alliance in financial year 2017. In current year company considered casein plant as normal PPE due to non disposal off, and charged normal depreciation including for financial year 2016-2017.

Notes to Financial statements for the year ended 31 March, 2018

Note 4 Biological Assets

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
Trees & Plantation	(i)	195	179	129
Total		195	179	129

Footnotes:

- (i) Categorized as biological asset on the basis of Certificate of Agricultural Scientist that Trees have attained sufficient growth for sale and net realisable value is not less than the carrying amount as per Ind AS - 41.

Note 5. Financial Assets - Investment

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
Investment in Equity Shares - Unquoted				
(a) MFL Trading Pvt. Ltd 10000 equity shares of 10 each (Wholly Owned Subsidiary Company)		1	1	1
(b) National Saving Certificates	(i)	1	1	1
Total		2	2	2

Footnotes:

- (i) Pledged with Government Authorities towards fulfillment of statutory obligations.

Note 6. Trade Receivable

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
Trade receivables				
Unsecured, considered good		579	1,643	1,727
Doubtful		-	-	-
		579	1,643	1,727
Less: Allowance for expected credit loss	(i)			
		-	-	-
		-	-	-
Net Trade receivables				
Unsecured, considered good		579	1,643	1,727
Doubtful		-	-	-
		579	1,643	1,727
Current		486	1,625	1,716
Non-Current	(ii)	93	18	11

Footnotes:

- (i) In view of insignificant amount of bad debts in earlier years, no allowance for expected credit loss is made.
- (ii) Considered good by the management. Adjustment in respect of dues from canteen stores Department (Govt.), if any, shall be made in financial year 2018-19.
- (iii) No trade receivables are due from directors and other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Notes to Financial statements for the year ended 31 March, 2018

Note 7. Deposits, Loan & Advances

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Security deposits Unsecured, considered good	(i)	114	121	125
(b) Loans and advances to employees Unsecured, considered good	(ii)	1	13	141
Total		115	134	266

Footnotes:

- (i) Security deposits and advances to employees are at carrying amount instead of fair value in view of insignificant effect in the opinion of management . Further these amounts are considered good for recovery as certified by the Management.
- (ii) Considered good for recovery by the management.

Note 8. Other Non current assets

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Prepaid expenses		17	26	50
(b) Capital Advances		19	9	-
(c) Sales Tax Authorities	(i)	82	82	73
Total		118	117	123

Footnotes:

- (i) Deposit with Sales Tax Authorities represents the amount deposited as a condition for preferring appeal. Management based upon the legal advice considers that appeals will be decided in favour of company and hence are recoverable.

Note 9. Inventories

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Raw materials		16	23	10
(b) Work-in-progress		1,692	674	894
(c) Finished goods		4,982	6,103	4,601
(d) Stores and spares	(i)	532	513	552
(e) CER (Units)	(ii)	1	3	25
(f) Packing materials		232	198	250
Total		7,455	7,514	6,333

Footnotes:

- (i) Includes non moving stock of Rs. 46 lakhs (P.Y. 45 Lakhs). Management is of the opinion that the same will be disposed off during financial year 2018-19 and will realise at a value not less than carrying amount.
- (ii) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realisable Value (NRV) as per IND AS-2 .
- (iii) The mode of valuation of inventories has been stated in Note 2.12
- (iv) For details of inventories provided as security for borrowings Refer Note 19.

Notes to Financial statements for the year ended 31 March, 2018

Note 10. Loan

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Loan to employees / Others (Unsecured, considered good)	(i)	163	165	205
Total		163	165	205

Footnotes:

- (i) Advances to employees/others are considered good for recovery within 12 months of reporting date as certified by the Management.

Note 11. Cash and cash equivalents

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Cash on hand		1	2	9
(b) Balances with banks				
(i) In current accounts	(i)	3	7	8
(ii) In deposit accounts		1	35	81
(iii) Margin accounts	(ii)	70	63	63
Total		75	107	161

Footnotes:

- (i) Pledged Rs.0.50 Lac with ACCT Dehradun.
(ii) FDR's pledged with bank towards guarantee given to govt. departments for performance obligations.

Note 12. Financial Assets - Others

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Interest Receivable		17	20	18
(b) Others Receivable	(i)	10	12	2
Total		27	32	20

Footnotes:

- (i) Includes Rs. 5.61 lacs (P.Y. Rs. 5.61 Lacs) Insurance claim receivable, considered good for recovery by the management.

Note 13. Other Current Assets

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Prepaid expenses - Unsecured, considered good		85	102	98
(b) Export Incentive Receivable		-	13	13
(c) Advance to Suppliers-Unsecured, considered good	(i)	438	54	62
(d) Balances with statutory / government authorities	(ii)	129	5	3
(e) Income tax recoverable (Net of Provisions)		64	58	34
(f) Carbon Credit Receivable	(iii)	10	10	302
Total		726	242	512

Footnotes:

- (i) Advance to Suppliers include an amount of Rs. 284 Lacs due from supplier on account of extinguishment of banks liability of supplier obtained against supplies to the company. Amount is confirmed by the supplier and will be adjusted in the F.Y. 2018-19. Further a sum of Rs. 129 Lacs due from suppliers are confirmed and in the opinion of management will be adjusted/ recovered in F.Y. 2018-19.
(ii) Includes Rs. 126.51 Lacs (P.Y Rs. Nil) GST receivable as on 31.03.2018.
(iii) Represents the realizable value of 97000 CER's (PY 97000 Units) as certified by the consultant. The receivable is classified as short term as company is of the view that the units are likely to be sold in the FY 2018-19.

Notes to Financial statements for the year ended 31 March, 2018

Note 14. Share capital

Particulars	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)
(a) Authorised						
Equity shares of Rs.10 each	7,500,000	750	7,500,000	750	7,500,000	750
Cumulative redeemable Preference shares of Rs. 100 each	50,000	50	50,000	50	50,000	50
Total	7,550,000	800	7,550,000	800	7,550,000	800
(b) Issued						
Equity shares of Rs. 10 each fully paid up	4,887,890	489	4,887,890	489	4,887,890	489
(c) Subscribed and Paid up						
Equity shares of Rs.10 each	4,886,440	489	4,886,440	489	4,886,440	489
Less: Calls in Arrears		0		0		0
(Rs.0.19 lacs on 2875 partly paid shares)	4,886,440	489	4,886,440	489	4,886,440	489
Add Amount paid on Forfeited Shares		0		0		0
(Rs.0.07 lacs on 1450 shares)						
Total	4886440	489	4886440	489	4886440	489
(d) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :						
At the beginning of the year	4,886,440	489	4,886,440	489	4,886,440	489
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	4,886,440	489	4,886,440	489	4,886,440	489

Footnotes:

- The Company has only one class of equity shares having a par value of Re. 10 per share. Each holder of equity share is eligible for one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Number of shares held	Percentage of shares	Number of shares held	Percentage of shares	Number of shares held	Percentage of shares
Equity Shares						
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%	1,700,024	34.79%
Ms Roshini Sanah Jaiswal	700,060	14.33%	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	560,861	11.48%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%	489,103	10.01%

Note 15. Other equity

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Securities premium	(i)	670	670	670
(b) Retained earnings	(ii)	8,700	7,890	7,990
(c) Other comprehensive income		(39)	(14)	-
Total		9,331	8,546	8,660

Footnotes:

- Where the Company issues shares at premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium account". The company may issue fully

Notes to Financial statements for the year ended 31 March, 2018

paid-up bonus shares to its members out of balance lying in the securities premium account and the Company can also use this reserve for buy-back of shares.

- (ii) Includes revaluation reserve of Rs. 8443 Lacs (Rs. 7890 as on 31.03.2017 and Rs. 7990 Lacs as on 01.04.2016). Also refer to footnote (i) of Note 40.
- (iii) The disaggregation of changes in each type of reserve, retained earnings and other comprehensive income are disclosed in Statement of Changes in Equity.

Note 16. Long-term borrowings

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) From Banks: Secured				
Canara Bank (Term Loan)	(i)	430	586	752
ICICI (Vehicle Loan)		-	-	1
HDFC Bank (Vehicle Loan)		-	-	27
SBI (Corporate loan)	(ii)	568	872	1,096
Total (A)		998	1,458	1,876
(b) From Others: Secured				
Kotak Mahindra Prime Ltd (Vehicle Loan)	(iii)	101	113	183
Total (B)		101	113	183
(c) From Others-Unsecured :				
Kotak Mahindra Bank Ltd	(iv)	68	139	102
Non Banking Financial Companies	(v)	8	55	78
Inter Corporate Deposits	(vi)	50	100	-
Total (C)		126	294	180
Grand Total (A + B + C)		1,225	1,865	2,239

Footnotes:-

- (i) (a) Rupee Loan from Canara Bank of Rs. 586 Lacs at interest rate of 12% p.a is payable in monthly installments from Dec'2016 to Jan'2022 (Refer Note No.21)
- (b) The Loan of Canara Bank is secured by an exclusive charge on fixed assets to the extent of Rs.19.50 Crores and on pari-passu basis with State Bank of India on balance fixed assets. As per MCA 21 charge registered with Canara bank is of Rs. 20 Crores.
- (ii) Rupee Loan from State Bank of India of Rs. 836 Lacs at interest rate 11.95% p.a is payable in monthly installment by June, 2021 is secured against Fixed Assets as mentioned in (i)(b) above. (Refer Note 21).
- (iii) Vehicle loans are secured against hypothecation of respective vehicles. (Refer Note 21)
 - (a) Vehicle Loans of Rs.138 Lacs from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Mar' 2021 and carry interest rate of 8.39% to 10.76% p.a .
 - (b) Vehicle Loans of Rs. 182 Lacs from Kotak Mahindra Prime Limited are repayable by Aug'2019 and carry interest of 14.50% .
 - (c) Total No.of vehicles financed by Kotak Mahindra Prime Limited: 22.
- (iv) Term Loans from Kotak Mahindra Bank Ltd are detailed as under (Refer Note 21) :-
 - (a) Rupee Loan of Rs. 139 Lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Jan '2020.
- (v) Term Loan from NBFCs are detailed as under (Refer Note 9) :-
 - (a) Rupee Loan from Magma Fincorp Ltd of Rs. 13 Lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018.
 - (b) Rupee Loan from Bajaj Finance Ltd of Rs. 5 Lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018.
 - (c) Rupee Loan from Tata Capital Financial Services Ltd of Rs. 20 Lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2019.
 - (d) Rupee Loan from Capital First Ltd of Rs. 17 Lacs at interest rate of 15.00% p.a is payable at monthly rests to be paid by June '2019.
- (vi) Interest free intercorporate deposit of Rs. 50 Lacs from S J Finance and Holding (P) Ltd not payable before 31.03.2019 as certified by the Management.

Notes to Financial statements for the year ended 31 March, 2018

Note 17. Financial Liabilities - Other

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Security deposits	(i)	4,689	5,949	4,420
(b) Trade Payable		14	-	-
(c) Other Payable	(ii)	1	1	1
Total		4,704	5,950	4,421

Footnotes:

- (i) Security Deposits of Consignment Agents are confirmed by the management and consignees payable after 31.03.2019. During the year, a sum of Rs. 1261 Lacs was paid/adjusted.
- (ii) Payable to ex-employee pending final decision of court.

Note 18. Provisions

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(A) Non current				
(a) Provision for employee benefits:				
Gratuity	(i)	179	141	143
Compensated absences		24	20	14
(b) Provision for Sales Tax		-	-	3
Total		203	161	160
(B) Current				
(a) Provision for employee benefits:				
Gratuity	(i)	46	45	40
Compensated absences		13	6	4
Total		59	51	44

Footnotes:

- (i) Provision for Gratuity and compensated absences has been made in terms of IND AS-19. Gratuity and Leave Encashment Liability has been determined as on 31.03.2018. Compensated absences liability was determined on calendar year basis till 31.03.2017.

Note 19. Financial Liabilities - Short-term borrowings

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
From Bank - Secured				
Cash Credit	(i)	5,068	5,661	5,907
Total		5,068	5,661	5,907

Footnotes:

- (i) Cash Credit sanctioned by State Bank of India/Canara Bank are secured by charge on pari passu basis on all present & future Current Assets (excluding vehicles) including stocks and book debts and extension of charge on pari-passu basis on the fixed assets of the company, equitable mortgage of Land & Building at Gurgaon owned by Ispace Developers Private Limited and exclusive charge on company's Brand "MILKFOOD".

Note 20. Financial Liabilities - Current Trade Payable

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Trade payables	(i)	3,270	2,547	2,033
Total		3,270	2,547	2,033

Footnote:

- (i) As per information available with the company there is no party registered under Micro, Small and Medium Enterprises Development Act, 2006.

Notes to Financial statements for the year ended 31 March, 2018

Note 21. Other Financial Liabilities - Current

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Current maturities of Long Term Debts				
From Bank - Secured				
Canara Bank - Term Loan (Refer Note 16)		156	156	203
HDFC Bank - Vehicle Loan (Refer Note 16)		-	27	32
ICICI Bank - Vehicle Loan (Refer Note 16)		-	1	3
SBI - Corporate Loan (Refer Note 16)		268	260	217
From Others - Secured				
Kotak Mahindra Prime Ltd - Vehicle Loan (Refer Note 15)		220	226	294
From Others - Unsecured				
Kotak Mahindra Bank Ltd (Refer Note 16)		71	163	224
Non Banking Financial Companies (Refer Note 16)		47	90	72
Public Deposits with interest	(i)	8	13	254
Inter Corporate Deposit		50	-	-
(b) Outstanding Expenses including salary & wages etc.		121	149	201
(c) Others (Payable to employees)		8	7	10
Total		949	1,092	1,510

Footnotes:

- (i) Includes Rs. 2.45 Lacs towards principal amount and Rs. 5.95 Lacs towards interest in respect of unclaimed matured deposits.

Note 22. Other current liabilities

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, GST, Service Tax, etc.)		64	59	67
(b) Advances from customers		295	34	28
Total		359	93	95

Note 23. Revenue from operations

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Sale of products	(i)	47,992	38,516
(b) Other operating revenues	(ii)	1,101	361
Revenue from operations		49,093	38,877

Footnotes:

- (i)

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
- Ghee	42,436	33,117
- Milk & Milk Powder	5,556	5,399
Total - Sale of products	47,992	38,516

Notes to Financial statements for the year ended 31 March, 2018

(ii)

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	65	44
Conversion Charges of Milk to Powder & Butter	1,036	317
Total - Other operating revenues	1101	361

Note 24. Other income

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Interest income	(i)	9	18
(b) Other income	(ii)	11	37
Total		20	55

Footnote:

- (i) Includes amount of Rs.Nil (PY Rs. 8 Lacs) interest on Income Tax refund.
- (ii) Includes amount of Rs. 0.40 lacs (P.Y. Rs. 34 Lacs) towards Misc. balance written back, Insurance claim of Rs. Nil (P.Y. 2 Lacs) and input tax credit of excise duty on packing material of Rs. 11 Lacs (P.Y. Nil) on closing stock as on transtion date of Goods and Service Tax Act.

Note 25. Cost of Material Consumed

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Raw materials			
Inventories at the beginning of the year		23	10
Add: Purchases		41707	34063
Less: Inventories at the end of the year		16	23
Consumption		41714	34050
(b) Packing materials			
Inventories at the beginning of the year		198	250
Add: Purchases		1079	892
Less: Inventories at the end of the year		232	198
Consumption		1045	944
Total			
a) Raw Material consumed comprises:			
Milk		113	4,021
Ghee		36,784	28,213
Milk Powder		4,814	1,802
Others		2	14
b) Packing Material consumed		1,045	944
Total		42,758	34,994

Notes to Financial statements for the year ended 31 March, 2018

Note 26. Changes in inventories of finished goods and work-in-progress

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
<u>Inventories at the end of the year:</u>		
Finished goods	4,982	6,103
Work-in-progress	1,692	674
	6,674	6,777
<u>Inventories at the beginning of the year:</u>		
Finished goods	6,103	4,601
Work-in-progress	674	894
	6,777	5,495
Net (increase) / decrease	103	(1282)

Note 27 Employee benefits expenses

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Salaries, wages and other Benefits	(i)	1294	1086
(b) Contributions to provident funds		62	53
(c) Gratuity & compensated absences	(ii)	91	56
(d) Staff welfare expenses	(iii)	50	60
Total		1497	1255

Footnote:

- (i) Includes provision of minimum bonus of Rs. 12.29 lacs (Previous year Rs14.25 lacs) under the payment of Bonus Act 1965.
- (ii) Provision for Gratuity and compensated absences has been made during the year in terms of IND AS-19
- (iii) Includes Rs. 0.36 lacs (P.Y.Rs 11.32 Lacs) reimbursed to Ex- MD of the company towards medical expenses.

Note 28. Finance costs

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Interest expense on Borrowings		906	1115
(b) Other borrowing costs (Bank and other financing charges)		141	121
Total		1047	1236

Note 29. Depreciation & Amortisation Expenses

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Depreciation of tangible assets (Refer Note no. 3)	635	536
Total	635	536

Notes to Financial statements for the year ended 31 March, 2018

Note 30. Other expenses

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Consumption of stores and spare parts		61	45
Power and fuel		736	529
Repairs and maintenance:			
- Building		13	3
- Machinery		48	36
Freight & Forwarding Expenses		402	373
Commission		42	53
Rent		58	63
Rates and taxes		20	12
Insurance		69	71
Auditors remuneration	(i)	14	21
Office maintenance & House keeping		139	95
Legal & Professional		85	75
Insurance expenses		69	71
Travelling & Hotel Expenses		73	53
Vehicle Expenses		59	67
Watch & Ward Expenses		28	32
Postage & Telephone Expenses		21	27
Advertisement Expenses		36	2
Miscellaneous expenses	(ii)	130	164
Total		2103	1792

Footnote:

(i) Auditors remuneration

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
- Audit fee (P. Y. gross of service tax)	12	14
- Tax audit fees	-	4
- Fees for other services	-	1
- Reimbursement of expenses	2	2
Total	14	21

(ii) Includes reimbursement of Rs 0.50 Lacs (P.Y. Rs.0.53 Lacs) to Ex-MD of the company and bad debts written off Rs.21.23 Lacs (P.Y.Rs. 5.75 Lacs).

Note 31. Exceptional Items

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Carbon Credits balance written off		-	307
Miscellaneous Balance written off		-	102
Total		-	409

Notes to Financial statements for the year ended 31 March, 2018

Note 32 (A) Tax expenses

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Income tax related to items charged or credited to statement of profit and loss during the year:		
(a) Statement of Profit and Loss		
Current tax	189	-
Deferred tax credit	-35	92
Total	154	92
(b) Other comprehensive income		
Deferred tax charge/(credit) on		
Re-measurement of defined benefit plan	-13	-7
Total	141	85
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
Accounting profit before income tax	970	-8
Applicable tax rate	34.608%	33.063%
Computed tax expenses	336	(3)
Non-deductible expenses for tax purposes		
Other non-deductible expenses	5	3
Others including differential rate of tax (MAT)	(187)	92
Income tax expense reported in statement of profit and loss account	154	93

Note 32 B Deferred Tax

Particulars	For the year ended 31 March, 2018			
	As at 31 March, 2017	Recognised in		As at 31 March, 2018
		Profit & Loss	OCI	
<u>Tax effect of items constituting deferred tax liability</u>				
Property, plant and equipment	1,274	(87)	-	1,187
Others	-	-	-	-
(A)	1,274	(87)	-	1,187
<u>Tax effect of items constituting deferred tax assets</u>				
Carried forward loss / Unabsorbed depreciation	876	(56)	-	820
Provision for gratuity and compensated absences	71	4	13	88
Disallowances under Section 43B of the Income Tax Act, 1961	-	-	-	-
Others	-	-	-	-
(B)	947	(52)	13	908
Deferred tax liability (net)	327	(35)	(13)	279

Notes to Financial statements for the year ended 31 March, 2018

Particulars	For the year ended 31 March, 2017			
	As at 31 March, 2016	Recognised in		As at 31 March, 2017
		Profit & Loss	OCI	
Tax effect of items constituting deferred tax liability				
Property, plant and equipment	1,104	170	-	1,274
(A)	1,104	170	-	1,274
Tax effect of items constituting deferred tax assets				
Carried forward loss / Unabsorbed depreciation	794	82	-	876
Provision for gratuity and compensated absences	68	-4	7	71
Disallowances under Section 43B of the Income Tax Act, 1961				-
(B)	862	78	7	947
Deferred tax liability (net)	242	92	(7)	327

Note 33. Earnings per share

Particulars	For the year ended 31 March, 2018 (Rs. in lacs)	For the year ended 31 March, 2017 (Rs. in lacs)
Basic and diluted		
Net profit attributable to equity shareholders	791	(114)
Weighted average number of equity shares (Nos.)	4,886,440	4,886,440
Par value per share (In Rs.)	10	10
Earnings per share - Basic and diluted in Rs.	16.18	(2.32)

Note 34. Related party disclosures
(A) Details of related parties with whom the Company had transactions during the year.

Description of relationship	Names of related parties
(a) Enterprises over which KMP, major shareholder is able to exercise significant influence	Jagatjit Industries Ltd. MFL Trading Pvt Ltd (Wholly owned Company)
(b) Key Management Personnel (CEO/ Directors and their relatives)	Mr Karamjit Singh Jaiswal Ms Roshini Sanah Jaiswal Mr Sudhir Avasthi Ms Gita Bawa, Ms Asha Gadi, Mr Harmesh Mohan Sood Mr Sanjeev Kothiala, Mr Rakesh K Thakur

(B) Transactions with related parties during the year along with balances as at year end: Enterprises over which

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	11	-	11
	(9)	-	(9)
Rent paid	4	-	4
	(4)	-	(4)
Amount received for Services	5	-	5
	(2)	-	(2)
Reimbursement of Expenses			
Managerial Remuneration (including sitting fees)		425	425
		(304)	(304)
Outstanding Payables, net of Receivable	14	1	15
	(14)	(4)	(18)

Note: Figures in bracket relates to the previous year

Footnote:

- No amounts have been written off / provided for or written back during the year in respect of amounts receivable from or payable to related parties.
- Related parties have been identified by the management.
- Figures in bracket relates to the previous year.

Notes to Financial statements for the year ended 31 March, 2018

Note 35. Contingent liabilities

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Claims against the Company not acknowledged as debts*		
Sales tax	89	102
(b) Other money for which the Company is contingently liable		
Corporate guarantees	0	350

Footnote

* The Company is contesting these demands and the management, based on advice of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the standalone financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursements in respect of the above contingent liabilities.

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have material effect on the Company's results of operations or financial condition.

Note 36. Employee benefits

(A) Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Employers' contribution to Provident Fund and Family Pension Fund	62	53

(B) Defined Benefit Plans

The Company operates one defined benefit plans i.e., gratuity fund for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
a) Expense recognised in the Statement of Profit and Loss:		
Under profit and loss section		
Current service cost	19	16
Net interest cost	12	13
Past service cost	10	0
	41	29
Under other comprehensive income section		
Actuarial (gains)/losses		
Due to experience adjustments	40	(21)
Due to change in assumption	(2)	7
	38	(14)
(b) Net liabilities recognised in the Balance sheet		
Present value of obligation	224	187
Fair value of plant assets	-	-
Funded Status (Deficit)	224	187
Net liabilities recognised in the Balance Sheet accounted for as below:		
Provision non current (Refer Note 18 A)	203	161
Provision current (Refer Note 18 B)	59	51

Notes to Financial statements for the year ended 31 March, 2018

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(c) Present value of defined benefit obligation		
Present value of obligation at the beginning of year	187	183
Current cost	19	16
Interest Cost	12	13
Remeasurement due to		
Acturial loss/(gain) arising on account of experience changes	40	7
Acturial loss/(gain) arising from change in financial assumptions	(3)	4
Past Service Cost	10	-
Benefits paid	(42)	(36)
Present value of defined obligation at the end of the year	224	187
(d) The principal assumptions used in determining defined benefit obligations:		
Discount rate	7.80%	7.80%
Salary increase rate	3.5% to 5%	3.5% to 5%
Attrition rate	5%	5%
Mortality Table	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(e) Sensitivity analysis:

	For the year ended 31 March, 2018	
	1% increase	1% decrease
Discount rate	(9)	10
Salary increase rate	10	(9)
Employee attrition rate	1	(1)

	For the year ended 31 March, 2017	
	1% increase	1% decrease
Discount rate	(8)	8
Salary increase rate	9	(8)
Employee turnover	1	(1)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.

Note: 37. Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include , trade and other receivables, cash and cash equivalents, bank balances and security deposits that are out of regular business operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Notes to Financial statements for the year ended 31 March, 2018

	31 March, 2018		31 March, 2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	-80	80	-94	94

ii. **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. There does not seem to be any significant risk as transaction in foreign currency are very few.

As there is no significant foreign currency risk, sensitivity analysis showing impact on profit is not calculated.

iii. **Commodity price risk**

The company does not have significant risk in raw material price variations. In case of any variation in price, the same is passed on to customers through appropriate adjustment to selling prices.

(b) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and nationalised banks and hence, the Company does not expect any credit risk with respect to these financial assets. Trade receivables in respect of sale of Ghee, in majority of cases payment is received in Advance and with respect to SMP, the sale is institutional and expected credit loss is too low considering the past record.

(c) **Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and security from consignment agents. The table below summarises the maturity profile of the Company's financial liabilities:

	Maturities			Total
	Upto 1 year	1-2 years	2-3 years	
31-Mar-18				
Non-current borrowings	626	433	166	1,225
Current borrowings	5,068	—	—	5,068
Trade payables	3,270	—	—	3,270
Other financial liabilities	949	—	—	949
Total	9913	433	166	10512
31-Mar-17				
Non-current borrowings	697	542	582	1,821
Current borrowings	5,661	—	—	5,661
Trade payables	2,547	—	—	2,547
Other financial liabilities	1,092	—	—	1,092
Total	9997	542	582	11121
1-Apr-16				
Non-current borrowings	761	480	998	2,239
Current borrowings	5,907	—	—	5,907
Trade payables	2,033	—	—	2,033
Other financial liabilities	1,510	—	—	1,510
Total	10211	480	998	11689

Notes to Financial statements for the year ended 31 March, 2018

Note: 38. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a good credit rating and capital ratios in order to support its business and maximise shareholder value. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current borrowings		1,225	1,865	2,239
Current maturities of non-current borrowings		820	936	1,299
Current borrowings		5,068	5,661	5,907
Less: Cash and cash equivalents		75	107	161
Less: Other bank balances		0	0	0
Net debt		7,037	8,355	9,284
Equity share capital		489	489	489
Other equity		9,331	8,546	8,660
Total capital		9,820	9,035	9,149
Gearing ratio		71.66%	92.47%	101.47%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

Note 39. Fair value

Fair value measurement:

- All the financial assets and financial liabilities of the company are carried at amortised cost.
- The management assessed that the carrying values of trade and other receivables, deposit, cash and short term deposits, other assets, borrowings, trade and other payables reasonably approximate their fair values because these instruments have short-term maturities.
- It is view of the management that fair value impact of long term security deposits/loan paid or payable would not be material.

Note 40. First time adoption of Ind AS

The Company has prepared financial statements which comply with Ind AS applicable for period ending on 31 March, 2018, together with the comparative period data as at end for the year ended 31 March, 2017 as described in summary of significant accounting policies. In preparing these financial statement the Company's opening balance sheet was prepared as per Ind AS as of 1 April, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company (as per Ind AS 101) as detailed below:

(a) Mandatory exceptions:

(i) Accounting estimates:

The Company's estimates in accordance with Ind AS at the date of transition are consistent with previous GAAP (after adjustments to reflect any difference in accounting policies) or are required under Ind AS but not under previous GAAP.

(ii) De-recognition of financial assets and financial liabilities:

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date)

(iii) Classification and measurement of financial assets:

The Company has determined the classification and measurement of financial assets in terms of whether they meet the amortised cost criteria or the fair value criteria or the fair value criteria based on the facts and circumstances that existed as on the transition date and considering the material impact.

Notes to Financial statements for the year ended 31 March, 2018

(b) Optional Exemptions:

(i) Deemed cost for property, plant and equipment and intangible assets:

Ind AS 101 permits a first-time adopter to elect to measure fair value of property, plant and equipment and use that its deemed cost at the date of transition to Ind AS.

- (ii) When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with Ind AS 109. A first-time adopter may choose either fair value at the entity's date of transition to Ind AS in its separate financial statements or Previous GAAP carrying amount at that date, to measure its investment in subsidiary that it elects to measure using a deemed cost. Accordingly, the Company has elected to measure its investment in subsidiary using the Previous GAAP carrying amount as deemed cost.

The note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April, 2016 and the financial statements as at and for the year ended 31 March, 2017.

(A) Effect of adoption of Ind AS on the Balance Sheet as at 31 March, 2017 and 1 April 2016 .

	Footnotes	As at 31 March , 2017			As at 01 April , 2016		
		(End of last period presented under previous GAAP)			(Date of transition)		
		Previous GAAP	Effect of Ind AS	Ind AS	Previous GAAP	Effect of Ind AS	Ind AS
A ASSETS							
1 Non-current assets							
Property, Plant and Equipment	(i)	10,857	5,622	16,478	10,720	5,447	16,167
Capital work in progress		169	-	169	155	-	155
Biological Assets		179	-	179	129	-	129
Financial assets							
- Investments		2	-	2	2	-	2
- Trade Receivable		18	-	18	11	-	11
- Deposits, Loans & Recievables		134	-	134	266	-	266
Other non-current assets		117	-	117	123	-	123
Total Non - Current Assets		11,476	5,622	17,097	11,406	5,447	16,853
2 Current assets							
Inventories		7,514	-	7,514	6,333	-	6,333
Financial assets							
- Trade receivables		1,625	-	1,625	1,716	-	1,716
- Others		32	-	32	20	-	20
- Loans		165	-	165	205	-	205
- Cash and cash equivalents		107	-	107	161	-	161
Other current assets		242	-	242	512	-	512
Total Current Assets		9,685	-	9,685	8,947	-	8,947
TOTAL ASSETS		21,161	5,622	26,782	20,353	5,447	25,800

Notes to Financial statements for the year ended 31 March, 2018

	Footnotes	As at 31 March , 2017			As at 01 April , 2016		
		(End of last period presented under previous GAAP)			(Date of transition)		
		Previous GAAP	Effect of Ind AS	Ind AS	Previous GAAP	Effect of Ind AS	Ind AS
B EQUITY AND LIABILITIES							
1 Shareholders' funds							
Equity Share capital		489	-	489	489	-	489
Other Equity		3,251	5,295	8,546	3,065	5,595	8,660
Total Equity		3,740	5,295	9,035	3,554	5,595	9,149
2 Non-current liabilities							
Financial liabilities							
- Borrowings		1,865	-	1,865	2,239	-	2,239
- Other financial liabilities		5,950	-	5,950	4,421	-	4,421
Deferred Tax Liabilities	(i) (iii)	-	327	327	390	(148)	242
Provisions		161	-	161	160	-	160
Total Non - Current Liabilities		7,976	327	8,303	7,210	(148)	7,062
3 Current liabilities							
Financial liabilities							
- Borrowings		5,661	-	5,661	5,907	-	5,907
- Trade payables		2,547	-	2,547	2,033	-	2,033
- Other financial liabilities		1,092	-	1,092	1,510	-	1,510
Other current liabilities		94	-	93	95	-	95
Provisions		51	-	51	44	-	44
Total Current Liabilities		9,445	-	9,444	9,589	-	9,589
TOTAL EQUITY & LIABILITIES		21,161	5,622	26,782	20,353	5,447	25,800

(B) Reconciliation of total equity as at 1 April, 2016 (Date of transition)

S. No.	Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 1 April, 2016 (Rs. in lacs)
	Total equity as reported under GAAP		3,740	3554
	Ind AS: Adjustment increased / (decreased)			
1	Impact of Ind AS on revaluation pertaining to PPE	(i)	5,622	5,447
2	Deferred tax (liabilities) / assets on revaluation pertaining to PPE	(iii)	(327)	148
	Total equity as reported under Ind AS		9035	9149

Notes to Financial statements for the year ended 31 March, 2018

(C) Effect of adoption of Ind AS on the Statement of Profit & Loss for the year ended 31 March, 2017.

Particulars	Footnotes	For the year ended 31 March, 2017 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of Ind AS	Ind AS
1 Revenue from operations		38,877	-	38,877
2 Other income		55	-	55
3 Total revenue (1+2)		38,932	-	38,932
4 Expenses				
(a) Cost of materials consumed		34,994	-	34,994
(b) Changes in inventories of finished goods and work-in-progress		(1,282)	-	(1,282)
(c) Employee benefits expenses	(ii)	1,276	21	1,255
(d) Finance Cost		1,236	-	1,236
(e) Depreciation and amortisation expenses	(i)	709	173	536
(f) Other expenses		1,792	-	1,792
Total expenses		38,725	193	38,531
Profit before exceptional items		205	(196)	401
Exceptional Items Expenses		409	-	409
5 Profit before tax (3-4)		(204)	(196)	(8)
6 Tax expense:				
(a) Current tax		-	-	-
(b) Deferred tax	(iv)	(390)	482	92
Total Tax		(390)	482	92
7 Profit/(loss) for the period (5-6)		186	(286)	(100)
8 Others:				
(i) Items that will not be reclassified to Statement of Profit and Loss				
Re-measurement (gains)/losses on defined benefit plans	(ii)	-	21	(21)
Tax impact on re-measurement (gain)/ loss on defined benefit plans		-	(7)	7
Total Other Comprehensive Income		-	14	(14)
Total		186	300	(114)

(D) Reconciliation of total comprehensive income for the year ended 31 March, 2017 (Latest period presented under previous GAAP)

S. No.	Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)
	Net Profit the year ended previous GAAP		186
	Ind AS: Adjustment increased/(decreased)		
1	Acturial gain on employees defined benefits plan recognised		21
2	Depreciation on revalued assets reinstated in books		173
3	Impact on deferred tax of Ind AS		(482)
4	Other comprehensive income (net of taxes)		(14)
	Total Comprehensive income for the year under Ind AS		(114)

Note: Under previous GAAP, Total comprehensive income was not reported, therefore the above reconciliation starts with loss under the previous GAAP.

Footnotes:

- (i) Under previous GAAP, PPE was shown at historical cost. Ind AS 101 permits a first-time adopter to elect to continue with the carrying value of its property, plant and equipment under previous GAAP and use that as its deemed cost or to measure fair value of class assets of its property, plant and equipment as on the date of transition to Ind AS, and use that as its deemed cost as at the date of transition.

Notes to Financial statements for the year ended 31 March, 2018

The company has elected to measure item of property, plant and equipment and intangible assets at its carrying value at the transition date except for certain class of assets which are measured at fair value as deemed cost.

As a result amount of Rs. 5450/- Lacs {for value refer Note 3 (ii)} towards revaluation and amount of Rs. 148/- Lacs towards reduction in deferred tax liabilities aggregating to Rs. 5598 Lacs was credited to retained earnings on 01.04.2016. The net impact on PPE as at 31.03.2017 of Rs. 5621 Lacs (inclusive of Rs 5450/- Lacs as on 01.04.2016) is due to reduction in depreciation amount of Rs. 173 Lacs on account of scaling down of value of plant & machinery (significant amount pertain to casin plant).

- (ii) Under previous GAAP, there is no concept of other Comprehensive Income (OCI). Under Ind AS specified items of income expenses, gain and loss are required to be presented in OCI.

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, re-measurement (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with corresponding debit or credit to retained earnings through other comprehensive income. Thus, employee benefit cost for the year ended March 31, 2017 have been reduced by Rs. 21 Lakhs and re-measurement losses of Rs. 14 Lakhs (net of tax of Rs. 7 Lakhs), on defined benefit plans has been recognised in the other comprehensive income. Net impact during the F.Y.2017-18 is reduction in total comprehensive income by Rs. 25 lakhs.

- (iii) Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profit and accounting profit for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liabilities in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transition adjustment lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity.

Due to transition to Ind AS from previous GAAP, following adjustment were made to deferred tax assets (net) as on 31 March, 2017 and 1 April 2016.

Reduction in liability of deferred tax of Rs. 148 Lacs is on account of reduction in value of PPE (other than land & building which was increased by Rs. 8530 Lacs as refer note 3 (ii) substantial portion belonging to casin plant. Deferred tax has been computed in r/o Plant & Machinery representing temporary differences. Charges to statement of profit & loss of 31.03.2017, of Rs. 92 lakhs represent the amounts to confirm the figure computed as per Ind AS 12.

- (iv) The transition from Previous GAAP to Ind AS did not have a material impact on statement of cash flows.

Note 41.

Standards issued but yet not effective

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company will adopt the new standard on the required effective date using the modified retrospective method. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

Note 42.

The comparative financial information of the company for the year ended 31 March, 2017 prepared in accordance with Ind AS included in this Financial Statements is based on Financial Statements audited under Indian GAAP by the predecessor auditor Madan & Associates, Chartered accountants vide their report dated 30 May, 2017.

Previous GAAP figures have been reclassified/regrouped wherever necessary to confirm with Financial Statements prepared under Ind AS.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MILKFOOD LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Milkfood Limited** (hereinafter referred to as "the Holding Company") and its subsidiary MFL Trading Pvt. Ltd. (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, as at 31 March 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to the Note No. 3(v) regarding classification/depreciation on Casien plant, Note No (6)(i) & (ii) regarding trade receivables, Note No. 7(i) regarding security deposit, Note 7(ii) & 10(i) regarding amount due from employees, Note No 9(i) regarding non moving stock, Note No 13(i) regarding advance to suppliers, Note No 13(iii) regarding classification of CERs, Note No. 17(i) regarding classification of security deposit from suppliers.

Our opinion is not qualified in respect of these matters.

Other Matters

We did not audit the financial statements / financial information of MFL Trading (P) Ltd (subsidiary), whose financial statements / financial information reflect total assets of Rs. 1,515/- as at 31st March, 2018, total revenues of Rs. NIL and net cash outflows amounting to Rs. 12,814/- for the year ended on that date, as considered in the consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Our report is not qualified in respect of other matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report to the extent applicable, that:

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books;
- (c) the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statement;
- (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;
- (e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of statutory auditor of its subsidiary company incorporated in India, none of the directors of these entities is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in “**Annexure A**”, which is based on the auditors reports of the holding Company and Subsidiary Company ; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on financial position of the Group;
 - ii. The Group 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 Group.

for V. P. Jain & Associates

Chartered Accountants

Firm's registration number: 015260N

Swati Madaan

Partner

Membership number: 521697

Place: New Delhi

Date: 25th May 2018

ANNEXURE “A” to the Auditors’ Report

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUBSECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Milkfood Limited (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”), incorporated in India, as of that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS:

The respective Board of Directors of the Holding Company and its subsidiary incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS’ RESPONSIBILITY:

Our responsibility is to express an opinion on the Holding Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group’s, its associates’ and jointly controlled entities’, incorporated in India, internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:

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

OPINION:

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company, its subsidiaries, associates, and jointly controlled entities which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS:

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/ standalone financial statements of one subsidiary which is company incorporated in India, is based on the corresponding reports of the auditors of such company.

for V. P. Jain & Associates

Chartered Accountants

Firm's registration number: 015260N

Swati Madaan

Partner

Membership number: 521697

Place: New Delhi

Date: 25th May 2018

Consolidated Balance Sheet

as at 31st March, 2018

Particulars	Notes	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 1 April, 2016 (Rs. in lacs)
A ASSETS				
1 Non-current assets				
Property, Plant and Equipment	3A	16,332	16,478	16,167
Capital work in progress	3B	149	169	155
Biological Assets	4	195	179	129
Financial assets				
- Investments	5	1	1	1
- Trade Receivables	6	93	18	11
- Deposits, Loans & Advances	7	115	134	266
Other non-current assets	8	118	117	123
Total Non - Current Assets		17,003	17,096	16,852
2 Current assets				
Inventories	9	7,455	7,514	6,333
Financial assets				
- Trade receivables	6	486	1,625	1,716
- Loans	10	163	165	205
- Cash and cash equivalents	11	75	107	161
- Others	12	27	32	20
Other current assets	13	726	242	512
Total Current Assets		8,932	9,685	8,947
TOTAL ASSETS		25,935	26,781	25,799
B EQUITY AND LIABILITIES				
1 Shareholders' funds				
Equity Share capital	14	489	489	489
Other Equity	15	9,330	8,545	8,659
Total Equity		9,819	9,034	9,148
2 Non-current liabilities				
Financial liabilities				
- Borrowings	16	1,225	1,865	2,239
- Other financial liabilities	17	4,704	5,950	4,421
Deferred Tax Liabilities	32B	279	327	242
Provisions	18 A	203	161	160
Total Non - Current Liabilities		6,411	8,303	7,062
3 Current liabilities				
Financial liabilities				
- Borrowings	19	5,068	5,661	5,907
- Trade payables	20	3,270	2,547	2,033
- Other financial liabilities	21	949	1,092	1,510
Other current liabilities	22	359	93	95
Provisions	18B	59	51	44
Total Current Liabilities		9,705	9,444	9,589
TOTAL EQUITY & LIABILITIES		25,935	26,781	25,799

Significant accounting policies

2

The accompanying notes 1 to 42 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors of Milkfood Ltd

For **V. P. Jain & Associates**

Chartered Accountants

FRN. 015260N

Harmesh Mohan Sood

Director
07951620

Gita Bawa

Director
00111003

Asha Gadi

Director
00110734

SWATI MADAAN

Partner

Membership No. 521697

Place : New Delhi

Date : 25 May, 2018

Rakesh K Thakur
Company Secretary

Sanjeev Kothiala
C.F.O

Sudhir Avasthi
C.E.O

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2018

Particulars	Note No.	For the year ended 31 March, 2018 (Rs. in lacs)	For the year ended 31 March, 2017 (Rs. in lacs)
1 Revenue from operations	23	49,093	38,877
2 Other income	24	20	55
3 Total revenue (1+2)		49,113	38,932
4 Expenses			
(a) Cost of materials consumed	25	42,758	34,994
(b) Changes in inventories of finished goods and work-in-progress	26	103	(1,282)
(c) Employee benefits expenses	27	1,497	1,255
(d) Finance Cost	28	1,047	1,236
(e) Depreciation and amortisation expenses	29	635	536
(f) Other expenses	30	2,103	1,792
Total expenses		48,143	38,531
Profit before exceptional items		970	401
Exceptional Items Expenses	31	-	409
5 Profit before tax (3-4)		970	(8)
6 Tax expense/ (credit) (net)			
(a) Current tax	32A	189	-
(b) Deferred tax	32B	(35)	92
Total tax expenses / (credit)		154	92
7 Profit/(loss) for the period (5-6)		816	(100)
8 Other comprehensive income:			
(i) Items that will not be reclassified to Statement of Profit and Loss			
Re-measurement gains/ (losses) on defined benefit plans		(38)	(21)
Tax impact on re-measurement gain/ (losses) on defined benefit plans		13	7
Total other comprehensive income/ (losses) for the year (net of tax)		(25)	(14)
Total comprehensive income for the year		791	(114)
9 Earnings per share (of Rs 10/- each):			
Basic and Diluted - in Rs ‘	33	16.18	(2.32)

Significant accounting policies

2

The accompanying notes 1 to 42 are integral part of the financial statements

In terms of our report of even date

For & On behalf of the Board of Directors of Milkfood Ltd

For **V. P. Jain & Associates**

Chartered Accountants

FRN. 015260N

SWATI MADAN

Partner

Membership No. 521697

Place : New Delhi

Date : 25 May, 2018

Harmesh Mohan Sood

Director

07951620

Gita Bawa

Director

00111003

Asha Gadi

Director

00110734

Rakesh K Thakur

Company Secretary

Sanjeev Kothiala

C.F.O

Sudhir Avasthi

C.E.O

Consolidated Cash Flow Statement

for the year ended 31st March, 2018

	Note	For the year ended 31 March, 2018 (Rs. in lacs)	For the year ended 31 March, 2017 (Rs. in lacs)
A. Cash flow from operating activities:	1		
Net profit before taxation		970	(8)
Adjustments for :			
Depreciation and Amortisation expense		635	536
Finance costs		1047	1236
Liabilities no longer required written back		(11)	(34)
Bad Debts Written Off		5	6
Loss on sale of Fixed Assets		-	6
Interest Income		(9)	(9)
Exceptional Items Expenses (Net)		-	409
Operating profit before working capital changes		2638	2143
<u>Changes in working capital</u>			
Adjustments for (increase) / decrease in operating assets:			
Inventories		44	(1232)
Trade receivables		1064	84
Financial assets -Others		5	(12)
Financial assets -Loan		2	40
Other current & non current assets		(465)	408
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		724	514
Other financial liabilities		(1390)	632
Other current & non current liabilities		217	84
Provisions		49	8
Cash Generated From Operations before extraodrinay item		2887	2669
Income tax (paid) /refund (net)		(173)	(10)
Net cash flow from operating activities (A)		2714	2659
B. Cash flow from investing activities:			
Capital expenditure on Property , Plant and equipments		(499)	(867)
Capital work in progress		20	(14)
Proceeds from sale of Investment & Fixed Assets		4	14
Interest received		9	9
Net cash flow used in investing activities (B)		(466)	(856)
C. Cash flow from financing activities:			
Short-term borrowings		(593)	(246)
Long-term borrowings		(640)	(374)
Finance costs		(1047)	(1236)
Net cash flow used in financing activities (C)		(2280)	(1857)
Net increase / (decrease) in cash & cash equivalents (A+B+C)		(32)	(54)
Cash and cash equivalents at the beginning of the year		107	161
Cash and cash equivalents at the end of the year		75	107

1 . The above Statement of Cash Flows has been prepared under the 'indirect method' as set out in Indian Accounting Standard 7 ' Statement of Cash Flows'.

2. Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

The accompanying notes 1 to 42 are integral part of the financial statements

In terms of our report of even date

For **V. P. Jain & Associates**

Chartered Accountants

FRN. 015260N

SWATI MADAAN

Partner

Membership No. 521697

Place : New Delhi

Date : 25 May, 2018

For & On behalf of the Board of Directors of Milkfood Ltd

Harmesh Mohan Sood

Director

07951620

Gita Bawa

Director

00111003

Asha Gadi

Director

00110734

Rakesh K Thakur

Company Secretary

Sanjeev Kothiala

C.F.O

Sudhir Avasthi

C.E.O

NOTE 1 . CORPORATE INFORMATION & SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

Milkfood Limited ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at P.O. Bahadurgarh-147021 Distt. Patiala (Punjab), India. Its shares are listed on Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacture and sale of dairy products. The company has two manufacturing locations, one in the state of Punjab at Patiala and one in the state of Uttar Pradesh at Moradabad.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and compliance with Ind AS

- (i) For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, to the extent applicable, and the presentation requirements of the Companies Act, 201. In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (Ind AS) notified under Section 133 read with Rule 4A of Companies (Indian Accounting Standards) Rules, 2015, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind ASs") with effect from April 1, 2017 and the Company is required to prepare its financial statements in accordance with Ind ASs for the year ended March 31, 2018. These financial statements as and for the year ended March 31, 2018 (the "Ind AS Financial Statements") are the first financial statements, the Company has prepared in accordance with Ind AS.
- (ii) The Company had prepared a separate set of financial statements for the year ended March 31, 2017 and March 31, 2016 in accordance with the Accounting Standards referred to in section 133 of the Companies Act, 2013 (the "Audited Previous GAAP Financial Statements"), which were approved by the Board of Directors of the Company on May 30, 2017 and May 30, 2016 respectively. The management of the Company has compiled the Special Purpose Comparative Ind AS Financial Statements using the Audited Previous GAAP Financial Statements and made required Ind AS adjustments. The Audited Previous GAAP Financial Statements, and the Special purpose Comparative Ind AS Financial Statements, do not reflect the effects of events that occurred subsequent to the respective dates of approval of the Audited Previous GAAP Financial Statements.
- (iii) These financial statements were approved for issue by the Board of Directors on May 25, 2018.
- (iv) Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date of that date. Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

Non- monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.2 Current versus non-current classification

All assets and Liabilities have been classified as current or non current considering the operating cycle of 12 months.

Deferred tax assets and liabilities are classified as non –current assets and liabilities respectively.

2.3 Basis of measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including derivative financial instruments which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind ASs.

2.4 Fair value measurement

Fair value is the price that would be received to sell an assets or paid to transfer a liabilities in an orderly transaction between market participants at the measurement date. Fair value for measurement and / or disclosed in these financial statement is determined on such a basis.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which are described as follows ; level I - III

Level I input

Level I input are quoted price in active market for identical assets or liabilities that the entity can access at the measurement date, A quoted market in an active market provided the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available , with limited exception . If an entity hold a position in a single assets or liabilities and the assets or liabilities is traded in an active market, the fair value of assets or liabilities held by the entity, even if the market normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level II input

Level II input are input other than quoted market prices included within level I that are observable for the assets or liabilities either directly or indirectly.

Level II inputs include:

- quoted price for similarly assets or liabilities in active market.
- quoted price for identical or similar assets or liabilities in market that are not active.
- input other than quoted prices that are observable for the assets or liabilities , for example –interest rate and yield curve observable at commonly quoted interval.
- implied volatilities.
- credit spreads.
- input that are derived principally from or corroborated market data correlation or other means ('market corroborated inputs').

Level III input

Level III inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 Functional and presentation currency

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest lacs.

2.6 Property, Plant and Equipment

(i) Property, plant and equipment

The Company has applied Ind AS 16 with retrospective effect for all of its property, plant and equipment as at the transition date, viz., 1 April 2016.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

When an item of property, plant and equipment is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflecting in statement of Profit & Loss.

(ii) Capital work in progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Cost includes financing cost relating to borrowed funds attributable to construction.

(iii) Depreciation

The Company depreciates property, plant and equipment over the useful life as prescribed in schedule II of the Companies Act 2013 on the straight-line method from the date the assets are ready for intended use. Assets in the course of construction and freehold land are not depreciated.

The estimated useful lives of assets are as follows:

- Buildings 30-60 years
- Plant and equipments 20 years*
- Furniture and fixtures 8 -10 years
- Vehicles 8 - 10 years
- Office equipments 3 - 6 years

(Including computer software)

*The management has reassessed the remaining useful life of Plant & Machinery with effect from 1st April 2014 in respect of Plant & Machinery, the company is consistently following the policy of charging depreciation over 20 years,

notwithstanding certification by the Govt. approved valuer (Chartered Engineer) of the useful life of Plant & Machinery of more than 35 years. This is in pursuance of proviso to sub clause (c) of clause 3 of schedule II of the Companies Act 2013.

Similarly for addition of Plant & Machinery during the year company has estimated the useful life of 20 years (15 years specified in Schedule II) based upon the certificate of suppliers / manufacturers of Plant & Machinery. Additions made during the year have been capitalized at the year end at Patiala and accordingly depreciation has been charged.

2.7 Intangible Assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.8 Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an assets or a group of assets (cash generating unit) may be impaired. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of the cash generating unit to which the assets belongs.

Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing the value in use, the estimated future cash flow are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flow have not been adjusted .

If the recoverable amount of an assets (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of Profit & Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized immediately in the statement of Profit & Loss.

2.9 Cash and Cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

(i) Initial recognition and measurement:

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit and Loss.

(ii) Subsequent measurement of financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(iii) Derecognition of financial assets :

The Company derecognises a financial asset when and only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the Statement of Profit and Loss if such gain or loss would have otherwise been recognized in the Statement of Profit and loss on disposal of that financial asset.

(iv) **Impairment of financial assets:**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets. The Company follows 'simplified approach' for recognition of impairment loss allowance, The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(v) **Subsequent measurement of financial liabilities:**

All the financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at fair value through profit and loss. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

(vi) **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

2.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value. Costs comprises as follow:

- (i) Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- (ii) Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.
- (iii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
- (iv) Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value. Inventories (including whey powder - by product) are valued on lower of cost or net realizable value. In pursuance of IND AS-2 indirect production overheads (estimated by the Management) have been allocated for ascertainment of cost.

2.13 Retirement Benefits

Company follows IND AS-19 as detailed below:-

- (a) Short-term benefits are recognized as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- (b) Company provides bonus to eligible employees as per Bonus Act 1965 and accordingly liability is provided on actual cost at the end of the year.
- (c) Provident Fund:

The eligible employees of the company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both employees and the company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension Scheme.

- (d) The Company has an obligation towards gratuity a defined benefit retirement plan covering all employees. The plan provides for a lumpsum payment to employees at retirement/determination of service on the basis of 15 days terminal salary for each completed year of service subject to maximum amount of Rs. 20 Lacs.

Company's liability towards gratuity and compensated absences is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income (OCI) in the period in which they occur. Remeasurement recognized in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

2.14 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable taking in to account contractually defined terms of payment excluding others taxes or duties collected on behalf of the government. Specific recognition criteria described below must also be met before revenue is recognized.

- (a) Export sales are recognized on the basis of date of bill of lading.
- (b) Export entitlements i.e. duty free scrip and duty draw back are accounted for on the basis of export of goods on FOB value determined for custom purpose.
- (c) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realizable Value (NRV- certified by the consultant) as per IND AS-2 of ICAI. VCS has been valued at the future realizable value as certified by the consultant.
- (d) Interest Income is recorded on time proportion basis using the effective rate of Interest (EIR).

2.15 Manufacturing policy

The main raw material of the company is milk, which is used to produce Pure Ghee and various types of Milk Powders. For the last few years, the company has changed its policy to produce Pure Ghee and Milk Powders which conforms to the quality standards adopted by the company consistent with its brand image. Quantities of Pure Ghee and Milk Powders are purchased and processed in the plant to give effect to the manufacturing policy and produce a product of high quality on consistent basis.

2.16 Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.17 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.18 Foreign Currency Transactions

Foreign Currency Transactions involving export sales are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the customs rate on the date of dispatch of goods. The difference between the rates recorded and the rates on the date of actual realization is transferred to difference in exchange fluctuation account. At the year end, the balances are converted at the year end rate and difference if any between the book balance and converted amount are transferred to the exchange fluctuation account. The premium or discount arising at the inception of a forward exchange contract is amortized as expenses / income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income / expenses for the period. Non-monetary items that are measured in historical cost in a foreign currency are not retranslated.

2.19 Earning per shares

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares

2.20 Segment Reporting

The company is operating under a single segment i.e., "Dairy Products- comprising Ghee, Milk Powder, Casein, Whey powder and Dairy whitener" and therefore there are no reportable segments as per IND AS-108 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

2.21 Cash Flow Statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

2.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the standalone Ind AS financial statements.

2.23 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

2.24 Use of estimates and judgments

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which is known/materialised. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- (i) Property, Plant and Equipments –
- (ii) Intangible assets -
- (iii) Taxes on income -
- (iv) Retirement and other employee benefits -

Statement of changes in equity

for the year ended March 31, 2018

A. Equity Share capital:

Issued, subscribed and fully paid up (Share of Rs. 10 each)

Particulars	No. of shares	Rs. In Lacs
At 1 April 2016	4,886,440	489
Issued during the year	-	-
At 31 March 2017	4,886,440	489
Issued during the year	-	-
At 31 March 2018	4,886,440	489

B. Other equity

(Rs. In Lacs)

Particulars	Reserve & Surplus		Other Comprehensive income	Total
	Retained Earnings	Securities Premium	Remeasurement of defined benefit obligations	
Balance as at 1st April, 2016	7,993	670		8,663
Changes in accounting policy / prior period errors	(3)	-		(3)
Restated balance at the beginning of the reporting period (A)	7,990	670		8,660
Loss for the year	(100)	-		(100)
Other Comprehensive Income for the year (net)		-	(14)	(14)
Balance as at 31st March, 2017	7,890	670	(14)	8,546
Changes in accounting policy / prior period errors	(6)	-		(6)
Restated balance at the beginning of the reporting period (A)	7,884	670	(14)	8,540
Profit for the year	816	-		816
Other Comprehensive Income for the year (net)		-	(25)	(25)
Balance as at 31st March, 2018	8,700	670	(39)	9,331

The accompanying notes 1 to 42 are integral part of the financial statements

In terms of our report of even date

For **V. P. Jain & Associates**

Chartered Accountants

FRN. 015260N

SWATI MADAN

Partner

Membership No. 521697

Place : New Delhi

Date : 25 May, 2018

For & On behalf of the Board of Directors of Milkfood Ltd

Harmesh Mohan Sood

Director

07951620

Gita Bawa

Director

00111003

Asha Gadi

Director

00110734

Rakesh K Thakur

Company Secretary

Sanjeev Kothiala

C.F.O

Sudhir Avasthi

C.E.O

Consolidated Notes to Financial statements for the year ended 31 March, 2018

MILKFOOD LIMITED

Notes to Financial statements for the year ended March 31, 2018

3. Property, plant and equipment

A. Tangible Assets

(Rs. In Lacs)

Particulars	Land	Building	Furniture & Fixtures *	Computers & Pheripherals	Vehicles	Plant & Equipment	Total
(I) Cost							
As at 1 April 2016	7,948	2,630	44	70	632	4,843	16,167
Additions	-	233	49	26	115	444	867
Disposals	-	-	-	-	20	-	20
As at 31 March 2017	7,948	2,863	93	96	727	5,287	17,014
Additions	-	12	9	9	81	388	499
Disposals	-	-	-	-	15	-	15
As at 31 March 2018	7,948	2,875	102	105	793	5,675	17,498
(II) Accumulated depreciation							
As at 1 April 2016	-	-	-	-	-	-	-
Charge for the year	-	108	9	5	104	310	536
Deductions	-	-	-	-	-	-	-
As at 31 March 2017	-	108	9	5	104	310	536
Charge for the year	-	110	8	7	178	332	635
Deductions	-	-	-	-	5	-	5
As at 31 March 2018	-	218	17	12	277	642	1,166
Net block Value (I) - (II)							
As at 1 April 2016	7,948	2,630	44	70	632	4,843	16,167
As at 31 March 2017	7,948	2,755	84	91	623	4,977	16,478
As at 31 March 2018	7,948	2,657	85	93	516	5,034	16,332

(B) Capital work in progress:

As at 1 April, 2016	155
As at 31 March, 2017	169
As at 31 March, 2018	149

Footnote:

- For details of Property, plant and equipment charged as security of borrowings refer Note 16.
- The company has elected measure item of property, plant and equipment and intangible assets at its carrying value at the transition date except for certain class of assets which are measured at fair value as deemed cost. As a result accumulated depreciation on 01.04.2016 is shown at NIL.
- Estimated amount of capital contracts remaining to be executed is Rs. 8 Lacs (Year 2017 Rs. 20 Lacs, Year 2016 Rs 18 Lacs)
- * includes office equipment.
- Casien Plant has remained inactive for the last few years but maintenance is being incurred. Company decided to hold all the assets and machinery of the casein plant as investment for strategic alliance in financial year 2017. In current year company considered casein plant as normal PPE due to non disposal off, and charged normal depreciation including for financial year 2016-2017.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 4 Biological Assets

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
Trees & Plantation	(i)	195	179	129
Total		195	179	129

Footnotes:

- (i) Categorized as biological asset on the basis of Certificate of Agricultural Scientist that Trees have attained sufficient growth for sale and net realisable value is not less than the carrying amount as per Ind AS - 41.

Note 5. Financial Assets - Investment

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
Investment in Equity Shares - Unquoted National Saving Certificates	(i)	1	1	1
Total		1	1	1

Footnotes:

- (i) Pledged with Government Authorities towards fulfillment of statutory obligations.

Note 6. Trade Receivable

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
Trade receivables				
Unsecured, considered good		579	1,643	1,727
Doubtful		-	-	-
		579	1,643	1,727
Less: Allowance for expected credit loss	(i)			
		-	-	-
		-	-	-
Net Trade receivables				
Unsecured, considered good		579	1,643	1,727
Doubtful		-	-	-
		579	1,643	1,727
Current		486	1,625	1,716
Non-Current	(ii)	93	18	11

Footnotes:

- (i) In view of insignificant amount of bad debts in earlier years, no allowance for expected credit loss is made.
- (ii) Considered good by the management. Adjustment in respect of dues from canteen stores Department (Govt.), if any, shall be made in financial year 2018-19.
- (iii) No trade receivables are due from directors and other officers of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 7. Deposits, Loan & Advances

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Security deposits Unsecured, considered good	(i)	114	121	125
(b) Loans and advances to employees Unsecured, considered good	(ii)	1	13	141
Total		115	134	266

Footnotes:

- (i) Security deposits and advances to employees are at carrying amount instead of fair value in view of insignificant effect in the opinion of management . Further these amounts are considered good for recovery as certified by the Management.
- (ii) Considered good for recovery by the management.

Note 8. Other Non current assets

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Prepaid expenses	(i)	17	26	50
(b) Capital Advances		19	9	-
(c) Sales Tax Authorities		82	82	73
Total		118	117	123

Footnotes:

- (i) Deposit with Sales Tax Authorities represents the amount deposited as a condition for preferring appeal. Management based upon the legal advice considers that appeals will be decided in favour of company and hence are recoverable.

Note 9. Inventories

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Raw materials	(i) (ii)	16	23	10
(b) Work-in-progress		1,692	674	894
(c) Finished goods		4,982	6,103	4,601
(d) Stores and spares		532	513	552
(e) CER (Units)		1	3	25
(f) Packing materials		232	198	250
Total		7,455	7,514	6,333

Footnotes:

- (i) Includes non moving stock of Rs. 46 lakhs (P.Y. 45 Lakhs). Management is of the opinion that the same will be disposed off during financial year 2018-19 and will realise at a value not less than carrying amount.
- (ii) In accordance with guidance note issued by the Institute of Chartered Accountants of India, (ICAI) Certified Emission Reduction (CER) units obtained under Clean Development Mechanism (CDM) are treated as inventory on credit by the United Nations Framework Convention on Climate Change (UNFCCC). CER's are valued at lower of cost or Net Realisable Value (NRV) as per IND AS-2 .
- (iii) The mode of valuation of inventories has been stated in Note 2.12
- (iv) For details of inventories provided as security for borrowings Refer Note 19.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 10. Loan

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Loan to employees / Others (Unsecured, considered good)	(i)	163	165	205
Total		163	165	205

Footnotes:

- (i) Advances to employees/others are considered good for recovery within 12 months of reporting date as certified by the Management.

Note 11. Cash and cash equivalents

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Cash on hand		1	2	9
(b) Balances with banks				
(i) In current accounts	(i)	3	7	8
(ii) In deposit accounts	(i)	1	35	81
(iii) Margin accounts	(ii)	70	63	63
Total		75	107	161

Footnotes:

- (i) Pledged Rs.0.50 Lac with ACCT Dehradun.
(ii) FDR's pledged with bank towards guarantee given to govt. departments for performance obligations.

Note 12. Financial Assets - Others

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Interest Receivable		17	20	18
(b) Others Receivable	(i)	10	12	2
Total		27	32	20

Footnotes:

- (i) Includes Rs. 5.61 lacs (P.Y. Rs. 5.61 Lacs) Insurance claim receivable, considered good for recovery by the management.

Note 13. Other Current Assets

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Prepaid expenses - Unsecured, considered good		85	102	98
(b) Export Incentive Receivable		-	13	13
(c) Advance to Suppliers-Unsecured, considered good	(i)	438	54	62
(d) Balances with statutory / government authorities	(ii)	129	5	3
(e) Income tax recoverable (Net of Provisions)		64	58	34
(f) Carbon Credit Receivable	(iii)	10	10	302
Total		726	242	512

Footnotes:

- (i) Advance to Suppliers include an amount of Rs. 284 Lacs due from supplier on account of extinguishment of banks liability of supplier obtained against supplies to the company. Amount is confirmed by the supplier and will be adjusted in the F.Y. 2018-19. Further a sum of Rs. 129 Lacs due from suppliers are confirmed and in the opinion of management will be adjusted/ recovered in F.Y. 2018-19.
(ii) Includes Rs. 126.51 Lacs (P.Y Rs. Nil) GST receivable as on 31.03.2018.
(iii) Represents the realizable value of 97000 CER's (PY 97000 Units) as certified by the consultant. The receivable is classified as short term as company is of the view that the units are likely to be sold in the FY 2018-19.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 14. Share capital

Particulars	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)	Number of shares	(Rs. in lacs)
(a) Authorised						
Equity shares of Rs.10 each	7,500,000	750	7,500,000	750	7,500,000	750
Cumulative redeemable Preference shares of Rs. 100 each	50,000	50	50,000	50	50,000	50
Total	7,550,000	800	7,550,000	800	7,550,000	800
(b) Issued						
Equity shares of Rs. 10 each fully paid up	4,887,890	489	4,887,890	489	4,887,890	489
(c) Subscribed and Paid up						
Equity shares of Rs.10 each	4,886,440	489	4,886,440	489	4,886,440	489
Less: Calls in Arrears		0		0		0
(Rs.0.19 lacs on 2875 partly paid shares)	4,886,440	489	4,886,440	489	4,886,440	489
Add Amount paid on Forfeited Shares		0		0		0
(Rs.0.07 lacs on 1450 shares)						
Total	4886440	489	4886440	489	4886440	489
(d) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year :						
At the beginning of the year	4,886,440	489	4,886,440	489	4,886,440	489
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	4,886,440	489	4,886,440	489	4,886,440	489

Footnotes:

- The Company has only one class of equity shares having a par value of Re. 10 per share. Each holder of equity share is eligible for one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2018		As at 31 March, 2017		As at 1 April, 2016	
	Number of shares held	Percentage of shares	Number of shares held	Percentage of shares	Number of shares held	Percentage of shares
Equity Shares						
Mr. Karamjit Singh Jaiswal	1,700,024	34.79%	1,700,024	34.79%	1,700,024	34.79%
Ms Roshini Sanah Jaiswal	700,060	14.33%	700,060	14.33%	700,060	14.33%
Dhanvani Investment Pvt. Ltd.	560,861	11.48%	560,861	11.48%	560,861	11.48%
Sudha Commercial Co. Ltd.	489,103	10.01%	489,103	10.01%	489,103	10.01%

Note 15. Other equity

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Securities premium	(i)	670	670	670
(b) Retained earnings	(ii)	8,699	7,889	7,989
(c) Other comprehensive income		(39)	(14)	-
Total		9,330	8,545	8,659

Footnotes:

- Where the Company issues shares at premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium account". The company may issue fully

Consolidated Notes to Financial statements for the year ended 31 March, 2018

paid-up bonus shares to its members out of balance lying in the securities premium account and the Company can also use this reserve for buy-back of shares.

- (ii) Includes revaluation reserve of Rs. 8443 Lacs (Rs. 7890 as on 31.03.2017 and Rs. 7990 Lacs as on 01.04.2016). Also refer to footnote (i) of Note 40.
- (iii) The disaggregation of changes in each type of reserve, retained earnings and other comprehensive income are disclosed in Statement of Changes in Equity.

Note 16. Long-term borrowings

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) From Banks: Secured				
Canara Bank (Term Loan)	(i)	430	586	752
ICICI (Vehicle Loan)		-	-	1
HDFC Bank (Vehicle Loan)		-	-	27
SBI (Corporate loan)	(ii)	568	872	1,096
Total (A)		998	1,458	1,876
(b) From Others: Secured				
Kotak Mahindra Prime Ltd (Vehicle Loan)	(iii)	101	113	183
Total (B)		101	113	183
(c) From Others-Unsecured :				
Kotak Mahindra Bank Ltd	(iv)	68	139	102
Non Banking Financial Companies	(v)	8	55	78
Inter Corporate Deposits	(vi)	50	100	-
Total (C)		126	294	180
Grand Total (A + B + C)		1,225	1,865	2,239

Footnotes:-

- (i) (a) Rupee Loan from Canara Bank of Rs. 586 Lacs at interest rate of 12% p.a is payable in monthly installments from Dec'2016 to Jan'2022 (Refer Note No.21)
- (b) The Loan of Canara Bank is secured by an exclusive charge on fixed assets to the extent of Rs.19.50 Crores and on pari-passu basis with State Bank of India on balance fixed assets. As per MCA 21 charge registered with Canara bank is of Rs. 20 Crores.
- (ii) Rupee Loan from State Bank of India of Rs. 836 Lacs at interest rate 11.95% p.a is payable in monthly installment by June, 2021 is secured against Fixed Assets as mentioned in (i)(b) above. (Refer Note 21).
- (iii) Vehicle loans are secured against hypothecation of respective vehicles. (Refer Note 21)
 - (a) Vehicle Loans of Rs.138 Lacs from Kotak Mahindra Prime Limited are repayable in monthly instalments of varied amounts and repayable by Mar' 2021 and carry interest rate of 8.39% to 10.76% p.a .
 - (b) Vehicle Loans of Rs. 182 Lacs from Kotak Mahindra Prime Limited are repayable by Aug'2019 and carry interest of 14.50% .
 - (c) Total No.of vehicles financed by Kotak Mahindra Prime Limited: 22.
- (iv) Term Loans from Kotak Mahindra Bank Ltd are detailed as under (Refer Note 21) :-
 - (a) Rupee Loan of Rs. 139 Lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Jan '2020.
- (v) Term Loan from NBFCs are detailed as under (Refer Note 9) :-
 - (a) Rupee Loan from Magma Fincorp Ltd of Rs. 13 Lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018.
 - (b) Rupee Loan from Bajaj Finance Ltd of Rs. 5 Lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2018.
 - (c) Rupee Loan from Tata Capital Financial Services Ltd of Rs. 20 Lacs at interest rate of 15.00% p.a is payable at monthly rests and to be paid by Oct '2019.
 - (d) Rupee Loan from Capital First Ltd of Rs. 17 Lacs at interest rate of 15.00% p.a is payable at monthly rests to be paid by June '2019.
- (vi) Interest free intercorporate deposit of Rs. 50 Lacs from S J Finance and Holding (P) Ltd not payable before 31.03.2019 as certified by the Management.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 17. Financial Liabilities - Other

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Security deposits	(i)	4,689	5,949	4,420
(b) Trade Payable		14	-	-
(c) Other Payable	(ii)	1	1	1
Total		4,704	5,950	4,421

Footnotes:

- (i) Security Deposits of Consignment Agents are confirmed by the management and consignees payable after 31.03.2019. During the year, a sum of Rs. 1261 Lacs was paid/adjusted.
- (ii) Payable to ex-employee pending final decision of court.

Note 18. Provisions

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(A) Non current				
(a) Provision for employee benefits:				
Gratuity	(i)	179	141	143
Compensated absences		24	20	14
(b) Provision for Sales Tax		-	-	3
Total		203	161	160
(B) Current				
(a) Provision for employee benefits:				
Gratuity	(i)	46	45	40
Compensated absences		13	6	4
Total		59	51	44

Footnotes:

- (i) Provision for Gratuity and compensated absences has been made in terms of IND AS-19. Gratuity and Leave Encashment Liability has been determined as on 31.03.2018. Compensated absences liability was determined on calendar year basis till 31.03.2017.

Note 19. Financial Liabilities - Short-term borrowings

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
From Bank - Secured				
Cash Credit	(i)	5,068	5,661	5,907
Total		5,068	5,661	5,907

Footnotes:

- (i) Cash Credit sanctioned by State Bank of India/Canara Bank are secured by charge on pari passu basis on all present & future Current Assets (excluding vehicles) including stocks and book debts and extension of charge on pari-passu basis on the fixed assets of the company, equitable mortgage of Land & Building at Gurgaon owned by Ispace Developers Private Limited and exclusive charge on company's Brand "MILKFOOD".

Note 20. Financial Liabilities - Current Trade Payable

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Trade payables	(i)	3,270	2,547	2,033
Total		3,270	2,547	2,033

Footnote:

- (i) As per information available with the company there is no party registered under Micro, Small and Medium Enterprises Development Act, 2006.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 21. Other Financial Liabilities - Current

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Current maturities of Long Term Debts				
From Bank - Secured				
Canara Bank - Term Loan (Refer Note 16)		156	156	203
HDFC Bank - Vehicle Loan (Refer Note 16)		-	27	32
ICICI Bank - Vehicle Loan (Refer Note 16)		-	1	3
SBI - Corporate Loan (Refer Note 16)		268	260	217
From Others - Secured				
Kotak Mahindra Prime Ltd - Vehicle Loan (Refer Note 15)		220	226	294
From Others - Unsecured				
Kotak Mahindra Bank Ltd (Refer Note 16)		71	163	224
Non Banking Financial Companies (Refer Note 16)		47	90	72
Public Deposits with interest	(i)	8	13	254
Inter Corporate Deposit		50	-	-
(b) Outstanding Expenses including salary & wages etc.		121	149	201
(c) Others (Payable to employees)		8	7	10
Total		949	1,092	1,510

Footnotes:

- (i) Includes Rs. 2.45 Lacs towards principal amount and Rs. 5.95 Lacs towards interest in respect of unclaimed matured deposits.

Note 22. Other current liabilities

Particulars	Footnote	As at 31 March, 2018 (Rs. in lacs)	As at 31 March, 2017 (Rs. in lacs)	As at 01 April, 2016 (Rs. in lacs)
(a) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, GST, Service Tax, etc.)		64	59	67
(b) Advances from customers		295	34	28
Total		359	93	95

Note 23. Revenue from operations

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Sale of products	(i)	47,992	38,516
(b) Other operating revenues	(ii)	1,101	361
Revenue from operations		49,093	38,877

Footnotes:

- (i)

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
- Ghee	42,436	33,117
- Milk & Milk Powder	5,556	5,399
Total - Sale of products	47,992	38,516

Consolidated Notes to Financial statements for the year ended 31 March, 2018

(ii)

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Other operating revenues comprises:		
Sale of scrap	65	44
Conversion Charges of Milk to Powder & Butter	1,036	317
Total - Other operating revenues	1101	361

Note 24. Other income

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Interest income	(i)	9	18
(b) Other income	(ii)	11	37
Total		20	55

Footnote:

- (i) Includes amount of Rs.Nil (PY Rs. 8 Lacs) interest on Income Tax refund.
- (ii) Includes amount of Rs. 0.40 lacs (P.Y. Rs. 34 Lacs) towards Misc. balance written back, Insurance claim of Rs. Nil (P.Y. 2 Lacs) and input tax credit of excise duty on packing material of Rs. 11 Lacs (P.Y. Nil) on closing stock as on transtion date of Goods and Service Tax Act.

Note 25. Cost of Material Consumed

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Raw materials			
Inventories at the beginning of the year		23	10
Add: Purchases		41707	34063
Less: Inventories at the end of the year		16	23
Consumption		41714	34050
(b) Packing materials			
Inventories at the beginning of the year		198	250
Add: Purchases		1079	892
Less: Inventories at the end of the year		232	198
Consumption		1045	944
Total			
a) Raw Material consumed comprises:			
Milk		113	4,021
Ghee		36,784	28,213
Milk Powder		4,814	1,802
Others		2	14
b) Packing Material consumed		1,045	944
Total		42,758	34,994

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 26. Changes in inventories of finished goods and work-in-progress

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
<u>Inventories at the end of the year:</u>		
Finished goods	4,982	6,103
Work-in-progress	1,692	674
	6,674	6,777
<u>Inventories at the beginning of the year:</u>		
Finished goods	6,103	4,601
Work-in-progress	674	894
	6,777	5,495
Net (increase) / decrease	103	(1282)

Note 27 Employee benefits expenses

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Salaries, wages and other Benefits	(i)	1294	1086
(b) Contributions to provident funds		62	53
(c) Gratuity & compensated absences	(ii)	91	56
(d) Staff welfare expenses	(iii)	50	60
Total		1497	1255

Footnote:

- (i) Includes provision of minimum bonus of Rs. 12.29 lacs (Previous year Rs14.25 lacs) under the payment of Bonus Act 1965.
- (ii) Provision for Gratuity and compensated absences has been made during the year in terms of IND AS-19
- (iii) Includes Rs. 0.36 lacs (P.Y.Rs 11.32 Lacs) reimbursed to Ex- MD of the company towards medical expenses.

Note 28. Finance costs

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
(a) Interest expense on Borrowings		906	1115
(b) Other borrowing costs (Bank and other financing charges)		141	121
Total		1047	1236

Note 29. Depreciation & Amortisation Expenses

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Depreciation of tangible assets (Refer Note no. 3)	635	536
Total	635	536

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 30. Other expenses

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Consumption of stores and spare parts		61	45
Power and fuel		736	529
Repairs and maintenance:			
- Building		13	3
- Machinery		48	36
Freight & Forwarding Expenses		402	373
Commission		42	53
Rent		58	63
Rates and taxes		20	12
Insurance		69	71
Auditors remuneration	(i)	14	21
Office maintenance & House keeping		139	95
Legal & Professional		85	75
Insurance expenses		69	71
Travelling & Hotel Expenses		73	53
Vehicle Expenses		59	67
Watch & Ward Expenses		28	32
Postage & Telephone Expenses		21	27
Advertisement Expenses		36	2
Miscellaneous expenses	(ii)	130	164
Total		2103	1792

Footnote:

(i) Auditors remuneration

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
- Audit fee (P. Y. gross of service tax)	12	14
- Tax audit fees	-	4
- Fees for other services	-	1
- Reimbursement of expenses	2	2
Total	14	21

(ii) Includes reimbursement of Rs 0.50 Lacs (P.Y. Rs.0.53 Lacs) to Ex-MD of the company and bad debts written off Rs.21.23 Lacs (P.Y.Rs. 5.75 Lacs).

Note 31. Exceptional Items

Particulars	Footnote	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Carbon Credits balance written off		-	307
Miscellaneous Balance written off		-	102
Total		-	409

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 32 (A) Tax expenses

Particulars	For the Year ended 31 March, 2018 (Rs. in lacs)	For the Year ended 31 March, 2017 (Rs. in lacs)
Income tax related to items charged or credited to statement of profit and loss during the year:		
(a) Statement of Profit and Loss		
Current tax	189	-
Deferred tax credit	-35	92
Total	154	92
(b) Other comprehensive income		
Deferred tax charge/(credit) on		
Re-measurement of defined benefit plan	-13	-7
Total	141	85
Reconciliation of tax expense with accounting profit multiplied by statutory income tax rate:		
Accounting profit before income tax	970	-8
Applicable tax rate	34.608%	33.063%
Computed tax expenses	336	(3)
Non-deductible expenses for tax purposes		
Other non-deductible expenses	5	3
Others including differential rate of tax (MAT)	(187)	92
Income tax expense reported in statement of profit and loss account	154	93

Note 32 B Deferred Tax

Particulars	For the year ended 31 March, 2018			
	As at 31 March, 2017	Recognised in		As at 31 March, 2018
		Profit & Loss	OCI	
<u>Tax effect of items constituting deferred tax liability</u>				
Property, plant and equipment	1,274	(87)	-	1,187
Others	-	-	-	-
(A)	1,274	(87)	-	1,187
<u>Tax effect of items constituting deferred tax assets</u>				
Carried forward loss / Unabsorbed depreciation	876	(56)	-	820
Provision for gratuity and compensated absences	71	4	13	88
Disallowances under Section 43B of the Income Tax Act, 1961	-	-	-	-
Others	-	-	-	-
(B)	947	(52)	13	908
Deferred tax liability (net)	327	(35)	(13)	279

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Particulars	For the year ended 31 March, 2017			
	As at 31 March, 2016	Recognised in		As at 31 March, 2017
		Profit & Loss	OCI	
Tax effect of items constituting deferred tax liability				
Property, plant and equipment	1,104	170	-	1,274
(A)	1,104	170	-	1,274
Tax effect of items constituting deferred tax assets				
Carried forward loss / Unabsorbed depreciation	794	82	-	876
Provision for gratuity and compensated absences	68	-4	7	71
Disallowances under Section 43B of the Income Tax Act, 1961				-
(B)	862	78	7	947
Deferred tax liability (net)	242	92	(7)	327

Note 33. Earnings per share

Particulars	For the year ended 31 March, 2018 (Rs. in lacs)	For the year ended 31 March, 2017 (Rs. in lacs)
Basic and diluted		
Net profit attributable to equity shareholders	791	(114)
Weighted average number of equity shares (Nos.)	4,886,440	4,886,440
Par value per share (In Rs.)	10	10
Earnings per share - Basic and diluted in Rs.	16.18	(2.32)

Note 34. Related party disclosures

(A) Details of related parties with whom the Company had transactions during the year.

Description of relationship	Names of related parties
(a) Enterprises over which KMP, major shareholder is able to exercise significant influence	Jagatjit Industries Ltd. MFL Trading Pvt Ltd (Wholly owned Company)
(b) Key Management Personnel (CEO/ Directors and their relatives)	Mr Karamjit Singh Jaiswal Ms Roshini Sanah Jaiswal Mr Sudhir Avasthi Ms Gita Bawa, Ms Asha Gadi, Mr Harmesh Mohan Sood Mr Sanjeev Kothiala, Mr Rakesh K Thakur

(B) Transactions with related parties during the year along with balances as at year end: Enterprises over which

Particulars	With Persons Mentioned in Note 1(B)(vii)(a) (Rs. in lacs)	With Persons Mentioned in Note 1(B)(vii)(b) (Rs. in lacs)	Total (Rs. in lacs)
Electricity Expenses Paid	11	-	11
	(9)	-	(9)
Rent paid	4	-	4
	(4)	-	(4)
Amount received for Services	5	-	5
	(2)	-	(2)
Reimbursement of Expenses			
Managerial Remuneration (including sitting fees)		425	425
		(304)	(304)
Outstanding Payables, net of Receivable	14	1	15
	(14)	(4)	(18)

Note: Figures in bracket relates to the previous year

Footnote:

- No amounts have been written off / provided for or written back during the year in respect of amounts receivable from or payable to related parties.
- Related parties have been identified by the management.
- Figures in bracket relates to the previous year.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note 35. Contingent liabilities

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Claims against the Company not acknowledged as debts*		
Sales tax	89	102
(b) Other money for which the Company is contingently liable		
Corporate guarantees	0	350

Footnote

* The Company is contesting these demands and the management, based on advise of its advisors, believes that its position will likely be upheld in the appellate process. No expense has been accrued in the standalone financial statements for these demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations. The Company does not expect any reimbursements in respect of the above contingent liabilities.

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably does not expect that these legal actions, when ultimately concluded and determined, will have material effect on the Company's results of operations or financial condition.

Note 36. Employee benefits

(A) Defined Contribution Plans

The Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Employers' contribution to Providend Fund and Family Pension Fund	62	53

(B) Defined Benefit Plans

The Company operates one defined benefit plans i.e., gratuity fund for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
a) Expense recognised in the Statement of Profit and Loss:		
Under profit and loss section		
Current service cost	19	16
Net interest cost	12	13
Past service cost	10	0
	41	29
Under other comprehensive income section		
Acturial (gains)/losses		
Due to experience adjustments	40	(21)
Due to change in assumption	(2)	7
	38	(14)
(b) Net liabilities recognised in the Balance sheet		
Present value of obligation	224	187
Fair value of plant assets	-	-
Funded Status (Deficit)	224	187
Net liabilities recognised in the Balance Sheet accounted for as below:		
Provision non current (Refer Note 18 A)	203	161
Provision current (Refer Note 18 B)	59	51

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(c) Present value of defined benefit obligation		
Present value of obligation at the beginning of year	187	183
Current cost	19	16
Interest Cost	12	13
Remeasurement due to		
Acturial loss/(gain) arising on account of experience changes	40	7
Acturial loss/(gain) arising from change in financial assumptions	(3)	4
Past Service Cost	10	-
Benefits paid	(42)	(36)
Present value of defined obligation at the end of the year	224	187
(d) The principal assumptions used in determining defined benefit obligations:		
Discount rate	7.80%	7.80%
Salary increase rate	3.5% to 5%	3.5% to 5%
Attrition rate	5%	5%
Mortality Table	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(e) Sensitivity analysis:

	For the year ended 31 March, 2018	
	1% increase	1% decrease
Discount rate	(9)	10
Salary increase rate	10	(9)
Employee attrition rate	1	(1)

	For the year ended 31 March, 2017	
	1% increase	1% decrease
Discount rate	(8)	8
Salary increase rate	9	(8)
Employee turnover	1	(1)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable change in key assumptions occurring at the end of the reporting period.

Note: 37. Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include, trade and other receivables, cash and cash equivalents, bank balances and security deposits that are out of regular business operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument that will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include borrowings, trade payables.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Consolidated Notes to Financial statements for the year ended 31 March, 2018

	31 March, 2018		31 March, 2017	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	-80	80	-94	94

ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. There does not seem to be any significant risk as transaction in foreign currency are very few.

As there is no significant foreign currency risk, sensitivity analysis showing impact on profit is not calculated.

iii. Commodity price risk

The company does not have significant risk in raw material price variations. In case of any variation in price, the same is passed on to customers through appropriate adjustment to selling prices.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counterparty default on its obligations. The Company's exposure to credit risk arises majorly from trade and other receivables. Other financial assets like security deposits and bank deposits are mostly with government authorities and nationalised banks and hence, the Company does not expect any credit risk with respect to these financial assets. Trade receivables in respect of sale of Ghee, in majority of cases payment is received in Advance and with respect to SMP, the sale is institutional and expected credit loss is too low considering the past record.

(c) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and security from consignment agents. The table below summarises the maturity profile of the Company's financial liabilities:

	Maturities			Total
	Upto 1 year	1-2 years	2-3 years	
31-Mar-18				
Non-current borrowings	626	433	166	1,225
Current borrowings	5,068	—	—	5,068
Trade payables	3,270	—	—	3,270
Other financial liabilities	949	—	—	949
Total	9913	433	166	10512
31-Mar-17				
Non-current borrowings	697	542	582	1,821
Current borrowings	5,661	—	—	5,661
Trade payables	2,547	—	—	2,547
Other financial liabilities	1,092	—	—	1,092
Total	9997	542	582	11121
1-Apr-16				
Non-current borrowings	761	480	998	2,239
Current borrowings	5,907	—	—	5,907
Trade payables	2,033	—	—	2,033
Other financial liabilities	1,510	—	—	1,510
Total	10211	480	998	11689

Consolidated Notes to Financial statements for the year ended 31 March, 2018

Note: 38. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a good credit rating and capital ratios in order to support its business and maximise shareholder value. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non-current and current borrowings reduced by cash and cash equivalents and other bank balances.

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current borrowings		1,225	1,865	2,239
Current maturities of non-current borrowings		820	936	1,299
Current borrowings		5,068	5,661	5,907
Less: Cash and cash equivalents		75	107	161
Less: Other bank balances		0	0	0
Net debt		7,037	8,355	9,284
Equity share capital		489	489	489
Other equity		9,331	8,546	8,660
Total capital		9,820	9,035	9,149
Gearing ratio		71.66%	92.47%	101.47%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. The breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

Note 39. Fair value

Fair value measurement:

- All the financial assets and financial liabilities of the company are carried at amortised cost.
- The management assessed that the carrying values of trade and other receivables, deposit, cash and short term deposits, other assets, borrowings, trade and other payables reasonably approximate their fair values because these instruments have short-term maturities.
- It is view of the management that fair value impact of long term security deposits/loan paid or payable would not be material.

Note 40. First time adoption of Ind AS

The Company has prepared financial statements which comply with Ind AS applicable for period ending on 31 March, 2018, together with the comparative period data as at end for the year ended 31 March, 2017 as described in summary of significant accounting policies. In preparing these financial statement the Company's opening balance sheet was prepared as per Ind AS as of 1 April, 2016 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company (as per Ind AS 101) as detailed below:

(a) Mandatory exceptions:

(i) Accounting estimates:

The Company's estimates in accordance with Ind AS at the date of transition are consistent with previous GAAP (after adjustments to reflect any difference in accounting policies) or are required under Ind AS but not under previous GAAP.

(ii) De-recognition of financial assets and financial liabilities:

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date)

(iii) Classification and measurement of financial assets:

The Company has determined the classification and measurement of financial assets in terms of whether they meet the amortised cost criteria or the fair value criteria or the fair value criteria based on the facts and circumstances that existed as on the transition date and considering the material impact.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

(b) Optional Exemptions:

(i) Deemed cost for property, plant and equipment and intangible assets:

Ind AS 101 permits a first-time adopter to elect to measure fair value of property, plant and equipment and use that its deemed cost at the date of transition to Ind AS.

- (ii) When an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries, joint ventures and associates either at cost or in accordance with Ind AS 109. A first-time adopter may choose either fair value at the entity's date of transition to Ind AS in its separate financial statements or Previous GAAP carrying amount at that date, to measure its investment in subsidiary that it elects to measure using a deemed cost. Accordingly, the Company has elected to measure its investment in subsidiary using the Previous GAAP carrying amount as deemed cost.

The note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April, 2016 and the financial statements as at and for the year ended 31 March, 2017.

(A) Effect of adoption of Ind AS on the Balance Sheet as at 31 March, 2017 and 1 April 2016 .

	Footnotes	As at 31 March , 2017			As at 01 April , 2016		
		(End of last period presented under previous GAAP)			(Date of transition)		
		Previous GAAP	Effect of Ind AS	Ind AS	Previous GAAP	Effect of Ind AS	Ind AS
A ASSETS							
1 Non-current assets							
Property, Plant and Equipment	(i)	10,857	5,622	16,478	10,720	5,447	16,167
Capital work in progress		169	-	169	155	-	155
Biological Assets		179	-	179	129	-	129
Financial assets							
- Investments		2	-	2	2	-	2
- Trade Receivable		18	-	18	11	-	11
- Deposits, Loans & Recievables		134	-	134	266	-	266
Other non-current assets		117	-	117	123	-	123
Total Non - Current Assets		11,476	5,622	17,097	11,406	5,447	16,853
2 Current assets							
Inventories		7,514	-	7,514	6,333	-	6,333
Financial assets							
- Trade receivables		1,625	-	1,625	1,716	-	1,716
- Others		32	-	32	20	-	20
- Loans		165	-	165	205	-	205
- Cash and cash equivalents		107	-	107	161	-	161
Other current assets		242	-	242	512	-	512
Total Current Assets		9,685	-	9,685	8,947	-	8,947
TOTAL ASSETS		21,161	5,622	26,782	20,353	5,447	25,800

Consolidated Notes to Financial statements for the year ended 31 March, 2018

	Footnotes	As at 31 March , 2017			As at 01 April , 2016		
		(End of last period presented under previous GAAP)			(Date of transition)		
		Previous GAAP	Effect of Ind AS	Ind AS	Previous GAAP	Effect of Ind AS	Ind AS
B EQUITY AND LIABILITIES							
1 Shareholders' funds							
Equity Share capital		489	-	489	489	-	489
Other Equity		3,251	5,295	8,546	3,065	5,595	8,660
Total Equity		3,740	5,295	9,035	3,554	5,595	9,149
2 Non-current liabilities							
Financial liabilities							
- Borrowings		1,865	-	1,865	2,239	-	2,239
- Other financial liabilities		5,950	-	5,950	4,421	-	4,421
Deferred Tax Liabilities	(i) (iii)	-	327	327	390	(148)	242
Provisions		161	-	161	160	-	160
Total Non - Current Liabilities		7,976	327	8,303	7,210	(148)	7,062
3 Current liabilities							
Financial liabilities							
- Borrowings		5,661	-	5,661	5,907	-	5,907
- Trade payables		2,547	-	2,547	2,033	-	2,033
- Other financial liabilities		1,092	-	1,092	1,510	-	1,510
Other current liabilities		94	-	93	95	-	95
Provisions		51	-	51	44	-	44
Total Current Liabilities		9,445	-	9,444	9,589	-	9,589
TOTAL EQUITY & LIABILITIES		21,161	5,622	26,782	20,353	5,447	25,800

(B) Reconciliation of total equity as at 1 April, 2016 (Date of transition)

S. No.	Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)	As at 1 April, 2016 (Rs. in lacs)
	Total equity as reported under GAAP		3,740	3554
	Ind AS: Adjustment increased / (decreased)			
1	Impact of Ind AS on revaluation pertaining to PPE	(i)	5,622	5,447
2	Deferred tax (liabilities) / assets on revaluation pertaining to PPE	(iii)	(327)	148
	Total equity as reported under Ind AS		9035	9149

Consolidated Notes to Financial statements for the year ended 31 March, 2018

(C) Effect of adoption of Ind AS on the Statement of Profit & Loss for the year ended 31 March, 2017.

Particulars	Footnotes	For the year ended 31 March, 2017 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of Ind AS	Ind AS
1 Revenue from operations		38,877	-	38,877
2 Other income		55	-	55
3 Total revenue (1+2)		38,932	-	38,932
4 Expenses				
(a) Cost of materials consumed		34,994	-	34,994
(b) Changes in inventories of finished goods and work-in-progress		(1,282)	-	(1,282)
(c) Employee benefits expenses	(ii)	1,276	21	1,255
(d) Finance Cost		1,236	-	1,236
(e) Depreciation and amortisation expenses	(i)	709	173	536
(f) Other expenses		1,792	-	1,792
Total expenses		38,725	193	38,531
Profit before exceptional items		205	(196)	401
Exceptional Items Expenses		409	-	409
5 Profit before tax (3-4)		(204)	(196)	(8)
6 Tax expense:				
(a) Current tax		-	-	-
(b) Deferred tax	(iv)	(390)	482	92
Total Tax		(390)	482	92
7 Profit/(loss) for the period (5-6)		186	(286)	(100)
8 Others:				
(i) Items that will not be reclassified to Statement of Profit and Loss				
Re-measurement (gains)/losses on defined benefit plans	(ii)	-	21	(21)
Tax impact on re-measurement (gain)/ loss on defined benefit plans		-	(7)	7
Total Other Comprehensive Income		-	14	(14)
Total		186	300	(114)

(D) Reconciliation of total comprehensive income for the year ended 31 March, 2017 (Latest period presented under previous GAAP)

S. No.	Particulars	Footnote	As at 31 March, 2017 (Rs. in lacs)
	Net Profit the year ended previous GAAP		186
	Ind AS: Adjustment increased / (decreased)		
1	Acturial gain on employees defined benefits plan recognised		21
2	Depreciation on revalued assets reinstated in books		173
3	Impact on deferred tax of Ind AS		(482)
4	Other comprehensive income (net of taxes)		(14)
	Total Comprehensive income for the year under Ind AS		(114)

Note: Under previous GAAP, Total comprehensive income was not reported, therefore the above reconciliation starts with loss under the previous GAAP.

Footnotes:

- (i) Under previous GAAP, PPE was shown at historical cost. Ind AS 101 permits a first-time adopter to elect to continue with the carrying value of its property, plant and equipment under previous GAAP and use that as its deemed cost or to measure fair value of class assets of its property, plant and equipment as on the date of transition to Ind AS, and use that as its deemed cost as at the date of transition.

Consolidated Notes to Financial statements for the year ended 31 March, 2018

The company has elected to measure item of property, plant and equipment and intangible assets at its carrying value at the transition date except for certain class of assets which are measured at fair value as deemed cost.

As a result amount of Rs. 5450/- Lacs {for value refer Note 3 (ii)} towards revaluation and amount of Rs. 148/- Lacs towards reduction in deferred tax liabilities aggregating to Rs. 5598 Lacs was credited to retained earnings on 01.04.2016. The net impact on PPE as at 31.03.2017 of Rs. 5621 Lacs (inclusive of Rs 5450/- Lacs as on 01.04.2016) is due to reduction in depreciation amount of Rs. 173 Lacs on account of scaling down of value of plant & machinery (significant amount pertain to casin plant).

- (ii) Under previous GAAP, there is no concept of other Comprehensive Income (OCI). Under Ind AS specified items of income expenses, gain and loss are required to be presented in OCI.

Both under Previous GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, were charged to profit or loss. Under Ind AS, re-measurement (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with corresponding debit or credit to retained earnings through other comprehensive income. Thus, employee benefit cost for the year ended March 31, 2017 have been reduced by Rs. 21 Lakhs and re-measurement losses of Rs. 14 Lakhs (net of tax of Rs. 7 Lakhs), on defined benefit plans has been recognised in the other comprehensive income. Net impact during the F.Y.2017-18 is reduction in total comprehensive income by Rs. 25 lakhs.

- (iii) Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profit and accounting profit for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liabilities in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transition adjustment lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity.

Due to transition to Ind AS from previous GAAP, following adjustment were made to deferred tax assets (net) as on 31 March, 2017 and 1 April 2016.

Reduction in liability of deferred tax of Rs. 148 Lacs is on account of reduction in value of PPE (other than land & building which was increased by Rs. 8530 Lacs as refer note 3 (ii) substantial portion belonging to casin plant. Deferred tax has been computed in r/o Plant & Machinery representing temporary differences. Charges to statement of profit & loss of 31.03.2017, of Rs. 92 lakhs represent the amounts to confirm the figure computed as per Ind AS 12.

- (iv) The transition from Previous GAAP to Ind AS did not have a material impact on statement of cash flows.

Note 41.

Standards issued but yet not effective

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company will adopt the new standard on the required effective date using the modified retrospective method. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

Note 42.

The comparative financial information of the company for the year ended 31 March, 2017 prepared in accordance with Ind AS included in this Financial Statements is based on Financial Statements audited under Indian GAAP by the predecessor auditor Madan & Associates, Chartered accountants vide their report dated 30 May, 2017.

Previous GAAP figures have been reclassified/regrouped wherever necessary to confirm with Financial Statements prepared under Ind AS.

