



ANNUAL REPORT 2022-23



Building a Healthier Future

Every drop of milk ripples outwards to touch the lives of millions across the Globe.

This encapsulates the essence of Parag Milk Foods Limited's (PMFL's) journey—to make nutritious delights more accessible and foster healthier communities.

While we have established a homegrown legacy rooted in scrumptious and wholesome dairy products, we are driven by our double-digit growth across categories. Together, with premiumising our portfolio, we continue to explore untapped markets.

Along with our quest for growth and expansion, we continue to stay adaptable and keep nourishing millions of lives.





Discovering Dairy FMCG Excellence

02 Corporate Overview

- 02 Consolidated key highlights of FY23
- 04 About our Company
- 10 Milestones
- 12 Product mix
- 13 Distribution strategy
- 14 Presence
- 17 Key performance indicators
- 18 Message from the Chairman
- 21 Operating landscape
- 23 Strategies and growth drivers
- 39 Portfolio
- 44 ESG initiatives
- 48 Governance overview
- 50 Corporate Information

52 Statutory Reports

156 Financial Statements

Consolidated key highlights of FY23

Profitability

₹29,377.8 Mn

▲ 40.4%

Total income

₹5,694.3 Mn

Gross profit

₹1,634.9 Mn

EBITDA

₹532.5 Mn

Profit after Tax (PAT)

**~18 Lakh
litres/day**

▲ 20%

Milk procurement

43.6%

Growth from the
core categories

42%

Growth of
modern trade

Protein business
has more than
doubled

Processing and distribution



03

State-of-the-art
manufacturing
facilities



3,023

Cows at
Bhagyalaxmi
Dairy Farms



29

Depots



04

Distinguished
brands



4,500+

Distributors



500+

Super stockists



4.6 Lakh

Retail touch points
pan India

Numbers that define us

**3.4 Mn
litres/day**

Milk processing capacity

140 MT/day

Ghee and cheese
processing capacity

20 MT/day

Paneer processing capacity

40 MT/day

Lactose processing
capacity

12 Lakh/day

Whey processing capacity

100%

Cow milk products

5 Lakh+

Farmers network

About our Company

A legacy of crafting healthy indulgences

At Parag Milk Foods Limited (PMFL), we embrace constant evolution in our array of dairy delicacies, realising that the key to success is innovating products that are both healthy and delicious at the same time.

With PMFL's timeless legacy and steadfast values, every delicious bite and every sublime sip depict our commitment to crafting trailblazing products for our nation and the world.

We exquisitely uphold the pillars of quality, purity and hygiene throughout our state-of-the-art production process and position ourselves as India's pioneering FMCG company in the dairy sector, setting new benchmarks in quality and consumer satisfaction.



Vision

Sustainability forms an integral part of our value chain and we strive to create long-term value for all our stakeholders. Our vision is to be a leading technology-driven FMCG dairy company that empowers all our stakeholders and relentlessly launches innovative, healthy and sustainable products for various consumer strata.

Mission



Our consumers

Consumer trust is fundamental to our business. Hence, we offer high-quality food that is subject to processes of high safety and quality standards



Dairy innovation

We produce and market innovative products under our portfolio brands, bringing joy, health and nutrition to our consumers



Building long-term relationships with communities

We maintain a strong relationship with our close-knit community of businesses, people, and organisations and contribute to their betterment



Partnership with farmers

We work closely with farmers to empower them and set protocols for responsible and sustainable milking practices



Good citizenship

We want to set the benchmark in the dairy FMCG industry by incorporating best practices and providing wholesome nutrition to the masses



State-of-the-art manufacturing facilities



A unique manufacturing line for making traditional ghee



An automated unit for producing high-shelf-life paneer



Specialised technology for curd manufacturing



State-of-the-art UHT technology



A fully integrated cheese-to-whey plant



A specialised ingredient manufacturer and supplier



Leading positions: unmatched distinction

Leading dairy FMCG player with diverse value added products' portfolio

Pioneer of the Farm-to-Home concept under the premium brand 'Pride of Cows'

A dominant player in the cheese category in India, with a >35% market share

Bhagyalaxmi Dairy Farm, India's most advanced farm equipped with state-of-the-art technologies, operates based on the 3 R's principle - Reuse, Recycle and Reduce

India's only vegetarian Whey protein manufacturer

Frontrunner in the cow ghee category, with a 20% market share

Pioneering the concept of fresh paneer with 75 days shelf life

Fastest growing B2C Whey protein brand - Avvatar





Forging ahead with expansion

Increase the retail touch points from **4.6 Lakh** to **around 15 Lakh** by 2027

Doubling of our distributors strength that contributes to robust expansion

Premiumisation of the product portfolio catering to consumer needs

Continuous focus across all spheres of value-chain from product development to innovative marketing

Expansion of Bhagyalaxmi Dairy Farm



500 Acres

New greenfield expansion
at Bota near Nashik



15,000 cows

Targeted increase of
livestock by 2027



**1.4 Lakh
litres/day**

Targeted milk
production by 2027



Building milestones, touching lives

Since the inception of PMFL in 1992, we have undergone a remarkable transformation, with continuous evolution of our nutritious product portfolio.

1992

Gowardhan Milk

1998

Gowardhan Ghee



2008

Go Cheese World

2011

Pride of Cows

2015

Topp Up



2021

Introduced
Milk Shakes



2021

Further Extension of
Pride of Cows brand
to paneer, low fat milk



2017

Avvatar

2020

Extending Pride of
Cows to value added
products - Ghee, Curd

Product mix: An innovative range of value-added dairy products



Paving the way with inclusive goodness and a robust distribution strategy



4

Brands



5 Lakh+

Farmer procurement network



4,500+

Distributors



500+

Super stockists



4.6 Lakh+

Retail touch points



3

Integrated processing plants



2,500+

Village collection centres



29

Depots



800+

Dedicated sales and marketing personnel



100+

Milk chillers



300+

Bulk milk coolers



Presence

A growing footprint and lasting impact

At PMFL, our dedication lies in delighting taste buds across the globe, with our meticulously crafted products that offer wholesome goodness and uncompromised quality. As we move forward, our presence transcends borders beyond India.

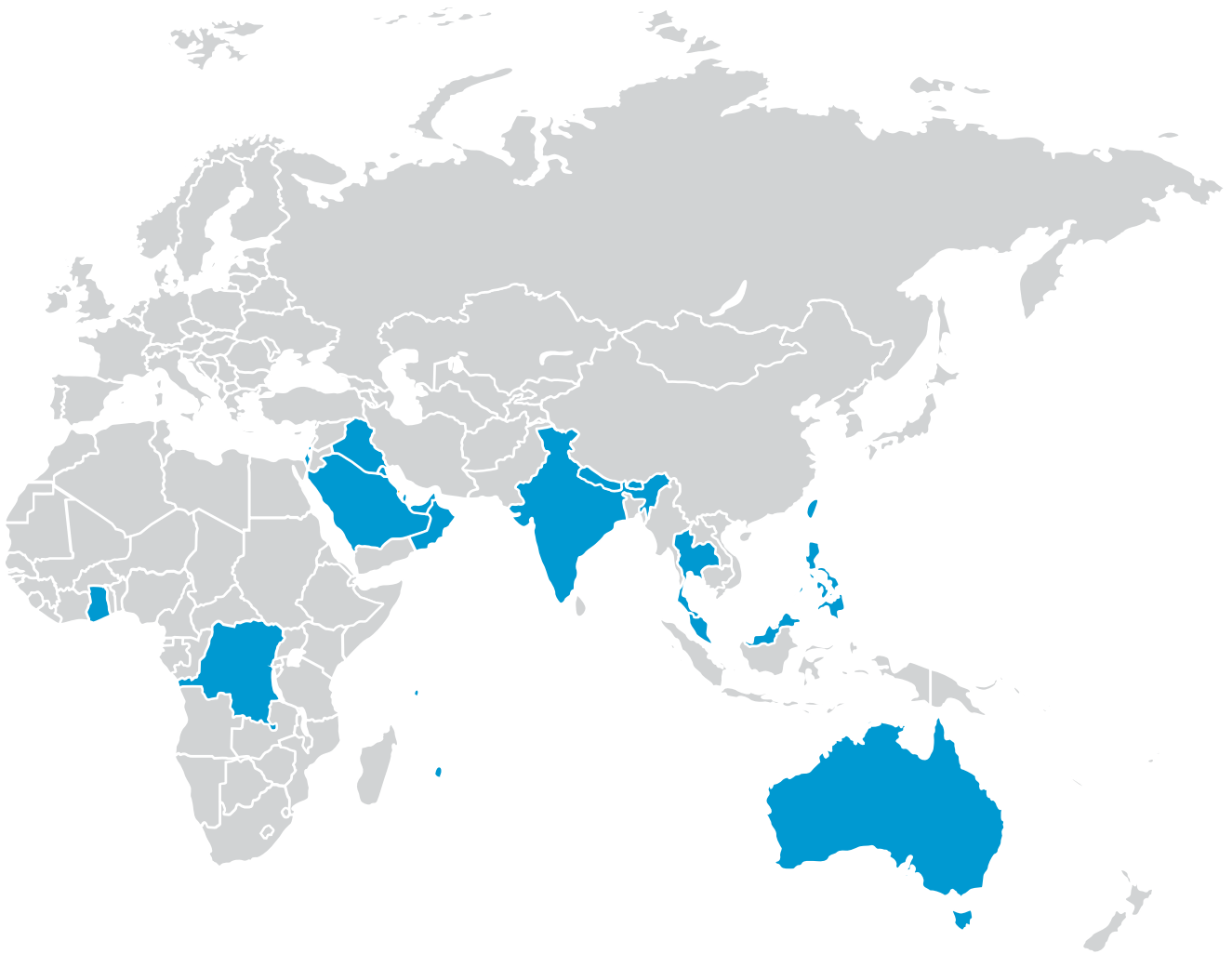
Depots

Jammu	Mumbai	Chennai
Jalandhar	Nagpur	Bengaluru
Parwanoo	Raipur	Surat
Karnal	Kolkata	Goa
Delhi	Guwahati	Patna
Jaipur	Hyderabad	Siliguri
Indore	Calicut	Bhubaneswar
Manchar, Pune	Palamaner, Chittor	Lucknow

Procurement states

Maharashtra
Tamil Nadu
Karnataka
Andhra Pradesh





Nourishing homes near and far

**Global
presence**
20+
Countries

Australia
Baharain
Bhutan
Congo
Ghana
Hong Kong
Iraq

Israel
Kuwait
Malaysia
Mauritius
Oman
Philippines
Qatar

Saudi Arabia
Seychelles
Singapore
Thailand
UAE



Nurturing a culture of mutual growth

At PMFL, the ripple of our growth knows no bounds. Our journey of growth is characterised by constant expansion, fuelled by a strong commitment to empower our people, uplift communities and shape a healthier future.

As we amplify our presence across the globe, we remain dedicated to upholding our core values of transparency, integrity and inclusivity. Together, we are creating a powerful wave of progress, where every individual's potential is unleashed and the effects of our success create a positive impact to millions of people.



Key performance indicators

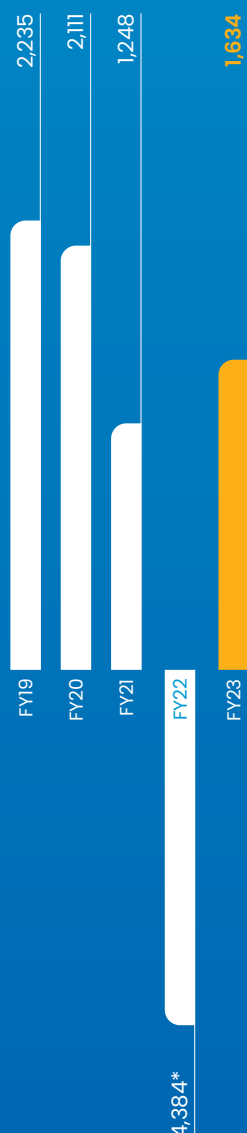
Revenue

₹ in Million



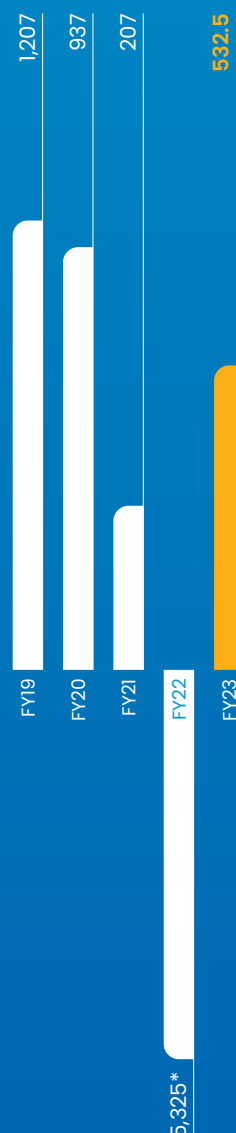
EBITDA

₹ in Million



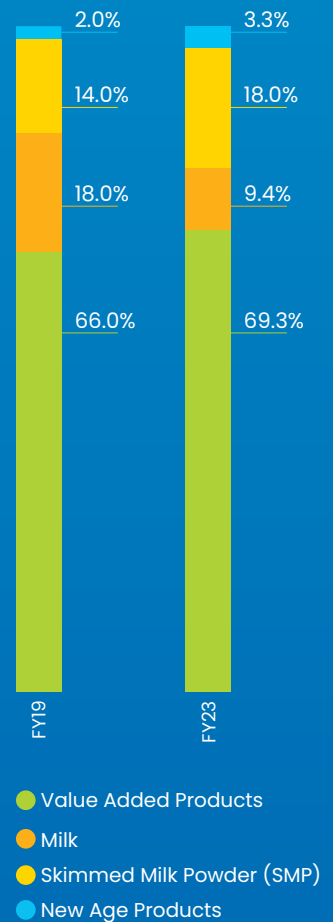
Profit after Tax (PAT)

₹ in Million



Product-wise revenue breakup FY19 – FY23

%



* FY 22 was an exceptional year due to COVID - 19, which impacted the profitability.

Message from the Chairman

A year of embracing growth, reach and expansion

Dear Valued Stakeholders,

With heartfelt gratitude and appreciation, I am writing this letter to reflect upon our dynamic journey in FY23. This year has unfolded a new chapter of consistent advancement, marked by our infrastructure development, extensive distribution expansion and reach, relentless marketing initiatives and the establishment of a robust consumer base. This new chapter signifies a transformative journey that is not only evident in our operational performance but also in the trust our consumers have placed in us.



A progressive journey from trials to triumphs

During FY23, we strived to steer through challenges such as the high inflation of milk prices and disruptions in the milk procurement process. Despite these setbacks, we remain steadfast in navigating the ever-evolving dairy FMCG landscape with remarkable growth in milk procurement volumes and revenue.

Throughout this progressive journey, we have laid the foundation of our success, anchored in well-developed infrastructure, consistent progress in research and development, and a robust distribution network. I am happy to inform you that we have positioned our Company at the threshold of rapid expansion and we are charting a path to new heights of success in the coming years with perseverance and dedication.

Moreover, as a prominent Dairy FMCG player, we remain firmly committed to our values, continually striving to progress from trials to triumphs. We have an ambitious goal of expanding our reach far and wide to be wherever our customers are. We aim to achieve this by expanding our reach to 15 Lakh retail touch points and exploring innovative product lines. Through these efforts we are building a healthy community thereby contributing to our internal growth.

Driving growth through strategic approaches

With a robust foundation in place, we are strengthening our vision of achieving a double-digit business growth in the foreseeable future. At the heart of this growth lie our five strategic pillars – **People, Quality, Distribution, Data analytics and Consumer-centricity**. These pillars form the bedrock for establishing and accelerating our exceptional performance.

Our primary focus on quality, research and development, innovative marketing strategies, has consistently propelled us at the forefront of the dairy FMCG industry. Notably, in FY23, our marketing campaigns have strengthened consumer connections and brand visibility.

Moreover, acknowledging the significance of data as the new oil, we have increased our capabilities in data analytics. We utilise data insights and knowledge to make data-driven decisions across our operations. This approach has enabled us in gaining consumer insights resulting in strong operational excellence.

Commitment to sustainable operations

Our pursuit of growth and success is intrinsically intertwined with sustainability. We implement eco-friendly practices at every step in our supply chain to reduce our ecological footprint. Our commitment to the environment focusses on reducing the carbon footprint and optimising waste management.

Moreover, our social focus extends to the holistic well-being of our farmers, employees, distribution partners and the community.

We are rapidly developing a sustainability-focussed mindset, integrating innovative policies and frameworks that seamlessly incorporate sustainability into our design processes. The transformation extends to every facet of our business value chain, signifying our commitment to a sustainable future.

Ready to spread our wings

As a trustworthy player in the nutrition industry, we are now poised to ascend higher, empowering lives with the goodness of dairy and the promise of a healthier future. With the ongoing expansion of our product portfolio, a visionary management team and a resolute focus on values, we navigate through uncharted territories to strengthen our distribution networks and foster growth.

All of our accomplishments and upcoming milestones would not have been possible without your consistent support. I want to thank our stakeholders for their steadfast belief, support and trust in our journey. Together, we stride forward, propelling our Company into another ripple of success with limitless prosperity, touching the lives of millions and shaping a healthier and sustainable future.

Warm regards,

Mr. Devendra Shah

Redefining growth with a holistic approach

At PMFL, we have forged a legacy of sustainable living, creating ripples of innovation and excellence to all our stakeholders.

Now, as the stage is set and the curtains rise, a captivating spectacle of growth and progress unfolds for PMFL. In this new decade, the operating landscape of the Indian dairy industry also favours the growth of our business.

With this at the forefront, we prioritise our strategies and embark on a journey with limitless expansion and opportunity, extending our brand's reach to 13-15 Lakh retail outlets.



Operating landscape

The booming growth of the Indian dairy landscape

Thriving amidst the buoyant Indian economy, the dairy industry is experiencing a boom driven by changing consumer preferences, technological advancements and the introduction of innovative value-added products. The shift from an unorganised sector to an organised one, along with the rising consumption of products such as ghee, cheese, beverages, paneer and whey protein, further accelerates industry growth.

Anticipating this upward trajectory, the industry is projected to achieve an impressive CAGR of 13.2%* from 2023 to 2028. At PMFL, our robust research and development efforts, diverse product offerings, automated tech-driven processing units, expanded milk procurement capacity, vast distribution networks and extending retail touch points are set to fuel significant business growth in the coming years.

*Source: IMARC

Indian dairy industry size

2022

₹14,89,980 Crore
(14,899.8 Billion*)

2028

₹31,18,570 Crore
(31,185.7 Billion*)

Cow Ghee

Current industry market size

~₹76,000 crore

Forecasted industry market size for the next 3 years

~₹1,23,000 Crore

Cheese

Current industry market size

~₹7,100 crore

Forecasted industry market size for the next 3 years

~₹26,300 Crore

Whey

Current industry market size

~₹660 crore

Forecasted industry market size for the next 3 years

~₹2,000 Crore

*Source: IMARC



Strategies and growth drivers

Driving growth strategies for market expansion

The Indian dairy industry is constantly evolving, showing significant growth in value-added dairy products. We are committed to expanding our strengths and leveraging opportunities by nurturing a brand that stands for sustainable values. With this as our prime focus, we implement dynamic growth strategies.



Our strategic priorities



1 Strengthening and accelerating core categories

At PMFL, we are committed to strengthening and accelerating our product categories to meet the diverse needs of our customers.

20%

Market share



2X

Growth
in protein

>35%

Market share



Core categories posted strong growth



Volume growth

25%

19%

69%

Value growth

48%

38%

123%



2 Brand building and innovation

By harnessing the power of branding to engaging in impactful partnerships, PMFL crafts a distinctive brand identity that resonates with consumers, fosters growth and strengthens its position as a leading dairy FMCG player.

- a. Emphasised on impact-led marketing to create a lasting and positive brand impression
- b. Participated in popular shows like “Kaun Banega Crorepati” that propelled us to a wider reach in tier-1 and tier-2 towns and cities



 <https://www.youtube.com/watch?v=IQ-uf5OUems>

 <https://www.youtube.com/watch?v=Qns3GdMpWU8>



Employed content-led impact marketing through participation in the popular fiction show “Anupama”

Strengthened consumer connections and brand visibility through a successful branding campaign



https://www.youtube.com/watch?v=g-kqn7_zPol



Consistent media support

We receive consistent media support for our brands

We invest 80% of media spending on television

We foster brand growth through new-age influencers' content strategy

Media spends



Unfolding strategies that shape PMFL's success

Impactful marketing campaigns, coupled with an aggressive distribution drive, continue to enhance our brand equity.



https://www.youtube.com/watch?v=C43K_2bQ0JM



<https://www.youtube.com/watch?v=mpYxcaAf-Yc>

Influencer-led campaigns

Our holistic branding strategy employs newer ways of engaging with consumers such as influencer engagement. This helps us to create increased visibility of the state-of-the-art infrastructure and premium brands to digital audience broadening our horizons for success.





New product launches

At PMFL, we drive efficient operations, achieve higher output and fuel our expansion, by implementing streamlined processes, innovative technologies and strategic resource allocation. This productivity-focussed approach allows us to meet growing demands, explore new opportunities and stay competitive in the market, impelling our overall growth and success.

Launched
3 SKUs

Expansion into pouch
packaging and
successfully launched
in key markets

₹10-15

A pocket-friendly
price point



3 Evolving a route to market

By embracing innovative distribution channels, exploring new market segments and leveraging technology, we aim to expand our presence, enhance customer engagement and drive sustainable growth.



Our total billed outlets have increased by **55%** on Y-O-Y basis in the General Trade category



Our Modern trade business has witnessed strong **42%** growth Y-O-Y



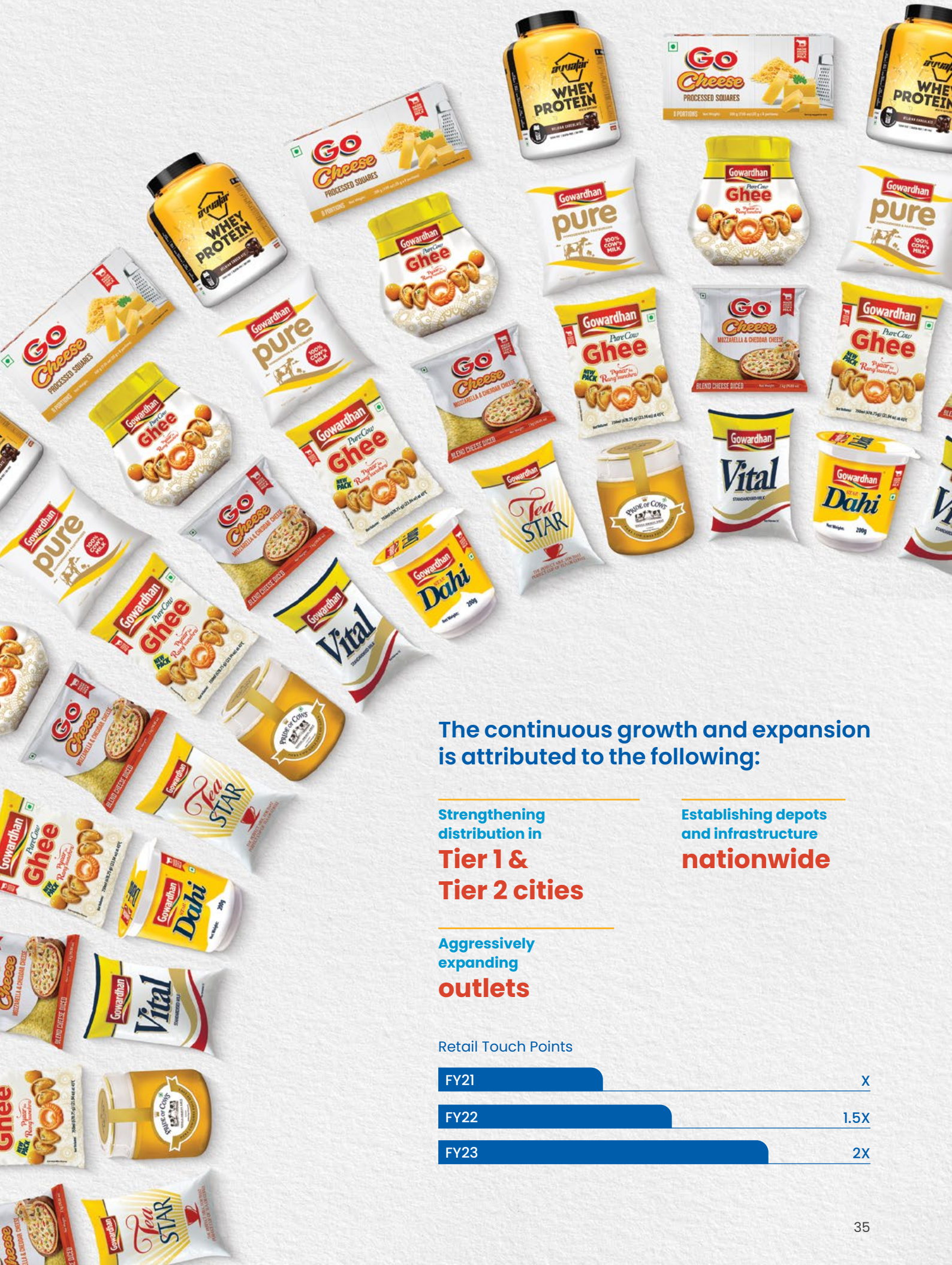
The HORECA business has grown by **35%** Y-O-Y



E-commerce continues its strong momentum and has posted **2x** growth on a Y-O-Y basis



We have strengthened our infrastructure and added **800+** distributors



The continuous growth and expansion is attributed to the following:

Strengthening distribution in

Tier 1 & Tier 2 cities

Establishing depots and infrastructure

nationwide

Aggressively expanding
outlets

Retail Touch Points

FY21	X
FY22	1.5X
FY23	2X

4 Strengthening new-age business

Growth Strategy

- > More points of sale
- > More products

Present in 5 cities

- > Mumbai
- > Delhi
- > Ahmedabad
- > Pune
- > Surat

Route to market

- > Direct to consumers
- > E-commerce
- > Organised trade channels

Increasing product portfolio

- > Ghee
- > Whole milk
- > Curd
- > Fat-free milk
- > Ghee



Unique, farm to home and, single-origin and premium dairy brand

Avvatar

India's only Vegetarian
whey manufacturing
company

1/3rd

Of sales come from
e-commerce

7%

Of sales come from the
protein business

8X

Sales growth is witnessed
over the last 8 quarters

As a pioneer in the Indian dairy industry, PMFL stands out as the sole manufacturer of 100% vegetarian wheyprotein under the brand 'Avvatar'. Delivering unparalleled freshness and exceptional quality, Avvatar sets itself apart from the competition, creating a niche in the health-conscious market.



5 Optimising productivity to drive growth

At PMFL, through the implementation of streamlined processes, innovative technologies and strategic resource allocation, we drive efficient operations, achieve higher output and fuel our expansion. This productivity-focused approach enables us to meet growing demands, explore new opportunities and remain competitive in the market, propelling our overall growth and success.

Digitisation/IT

Planning stage for SAP HANA implementation

More than 70% of GT business has been covered in Sales Force Automation (SFA)

Overheads

Leveraging vendors, re-negotiation and reverse auctions

Supply chain optimisation

Depot and cold storage restructuring

Beat planning in opportunity markets



Portfolio

Nourishing choices: beyond innovation and taste

Our renowned brands provide an exquisite experience of dairy products that are induced with nutrition and taste: Gowardhan, Go, Pride of Cows and Avvatar. Gowardhan offers traditional dairy essentials, Go provides convenience-focussed products, Pride of Cows delivers unadulterated single-origin premium dairy products and Avvatar presents a pioneering 100% milk-based vegetarian fresh whey protein.





As our first-launched brand, Gowardhan offers a range of everyday essentials like paneer, butter, curd and buttermilk with high-quality as well as nutrition, prioritising the health of our consumers.

**Gowardhan
Tea Star**

Formulated to enhance
frothing in tea and coffee

**Gowardhan Fit N Lite
and Gowardhan Skimmed
Milk Powder**

Low-fat milk

**Gowardhan
Gulab Jamun Mix**

Ready-to-cook mix

**Gowardhan Dahi and
Gowardhan Buttermilk**

A probiotic-enriched drink

**Gowardhan
vital**

Homogenised and
pasteurised milk

**Gowardhan
Fresh**

Toned milk

**Gowardhan
Paneer**

Available in cubes
and blocks

**Gowardhan
Butter**

Effortlessly spreadable
and subtly flavoured

**Gowardhan Gold
and Gowardhan Pure**

Full-fat milk

**Gowardhan
Ghee**

PMFL's flagship product

**Gowardhan
Topp up**

A healthier and tastier
alternative to aerated drinks

**Swarna
Ghee**

Exclusively made for the
South Indian market





Derived from Sanskrit, the name 'Go' symbolises both the essence of 'cow' and the vibrant energy of the younger generation. The 'Go' brand presents a range of customised and convenient products to cater for the needs of everyday consumers, Hotel, Restaurant and Catering (HORECA) businesses and Quick Service Restaurant (QSR) segments.

Go Fresh Cream

Contains moderate fat and no preservatives

UHT Milk

Supremo Milk in three variants: Double Toned Milk (<0.2%), Slim Milk (1.5%) and Regular Milk (3.5% fat)

Go Colo Power

100% natural immunity booster made from colostrum

Go RAPID

An affordable whey-based drink, setting a new benchmark

Go Buttermilk and Go Lassi

Grab-and-go delight, in different flavours

Go Cheese

A range of gourmet cheese options such as Gouda, Monterey Jack, Colby and Orange Cheddar

Go Milkshakes

Thick-a-licious shakes in five different flavours

Go Badam Milk

Saffron and almonds induced drink





Finest single-origin milk and milk products, sourced from technologically advanced Bhagalaxmi Dairy Farm. These supreme quality products are made using an ultra-hygienic and automated process with zero human intervention.

Pride of Cows whole milk

Preservative-free and creamy milk with low bacterial count, produced in fully automated dairy farm

Pride of Cows fat-free milk

98% fat-free milk

Pride of Cows ghee

Single-origin ghee rich in healthy fats, antioxidants, vitamins and anti-inflammatory properties

Pride of Cows curd

A thick, fresh and unadulterated 'perfect' curd rich in calcium and protein

Pride of Cows paneer

Mild, soft and delicious single-origin paneer





India's first 100% vegetarian whey protein, packed within 24 hours of milking and processing. 'Avvatar' offers six protein-rich variants, free of sugar, gluten and soya.

Isorich

100% whey isolate, rich in protein, ideal for lactose-intolerant individuals and those on a calorie-deficit diet

Whey protein

A mixture of whey protein and whey concentrate, that aids in muscle repair, digestion, metabolism, strength-building and bone health

Rapid

Rich in vitamin C and an immediate source of energy, provides nutrients, prevents cramps and fatigue from intense training

Alpha whey

Enriched with casein protein, gives energy throughout the day

Mass gainer

A rich blend of carbs and protein, helps meet the ideal carb-protein ratio of 3:1

Muscle gainer

A blend of carb-protein in a 1:1 ratio, that helps build lean muscles



Nourishing communities, nurturing the planet

At PMFL, we firmly believe that sustainability is integral to our business operations, inextricably linked to the well-being of our consumers, employees and all our stakeholders. Our well-defined policies and strategies have enabled us to set ambitious milestones in our journey towards achieving our long-term Environment, Social and Governance (ESG) goals.

We recognise the critical significance of evaluating how our value chain utilises ecosystem resources and its environmental impacts. From responsible dairy farming to ethical sourcing, every step we take is meticulously aligned with our mission to care for the planet.

Our commitment extends beyond mere profit growth; we are dedicated to making a lasting positive impact on society through a good governance structure.



Charting a greener future: Environment management framework

Embracing environmental sustainability requires proactive efforts. At PMFL, we conscientiously recognised the impact on both the business and society, and we persistently strive in that direction. We firmly believe in adopting renewable technologies and nurturing eco-conscious practices to protect our planet and create a sustainable legacy for future generations.



Energy
reduction



Carbon footprint
reduction
and emission
compliance



Water
conservation
and efficient
waste treatment





Energy conservation

At PMFL, we demonstrate our commitment to sustainable practices and environmental responsibility by making a significant contribution to conserving energy and mitigating its environmental impact.

12%

Decrease in fuel consumption in FY23

Led by,

- Training on energy conservation to staff on a routine basis
- Solar power agreements
- Implementation of bio-gas plants



Water usage efficiency

PMFL has significantly reduced water consumption per litre of milk handled. Approximately 55% of our unit's water usage comes from recycled sources, underlining our dedication to responsible water management and environmental preservation.

37%

Decrease in third-party water consumption in FY23

Driven by,

- State-of-the-art Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP)
- Implementation of the 'Zero Liquid Discharge' principle
- Recycling and reusing the ETP-treated water for gardening, agriculture and cleaning milk storage tankers and crates



Waste management

Effective and Efficient waste management forms an important pillar for environmental management at PMFL.

Our end-to-end operations generate (a) Fly ash (b) ETP Sludge (c) Paper waste and (d) Plastic waste. We treat each of these waste responsibly.

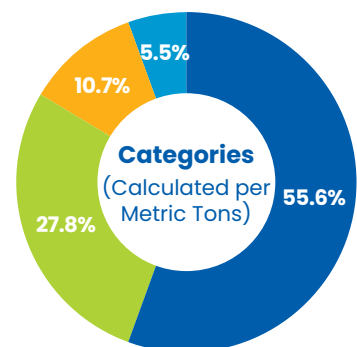
Fly ash – Handed over to registered recyclers in turn used for concrete bricks.

ETP sludge

- > Used as a feeder for biogas plant, for energy generation.
- > Used as a manure for the fertilizer at Bhagyalaxmi bio science division.

Plastic waste – Handed over to certified recyclers as prescribed by Pollution Control Boards under the Extended producer responsibility (EPR) plan.

Paper waste – Handed over to certified recyclers for responsible degradation or recycling encouraging circularity in waste.



● Fly Ash ● ETP Sludge
● Paper Waste ● Plastic Waste

Fostering communities, creating societal value

Community development and societal value creation are essential cornerstones of PMFL. We invest in education, healthcare and social programmes that empower individuals, strengthen ties and contribute to society's overall well-being and progress. It is about working together to create a healthier future.

Empowering farmers:

We are dedicated to improving the lives of over 5,00,000 farmers across four states by educating them on soil health and cow comfort technology for better yield and usage of organic manure.

Investing in intellectual capital:

We continuously invest in our people's development, attract top talent and enhance our strategic capabilities.

Animal welfare:

We treat cows with respect and compassion, and have built a foster home at Panjarpole for abandoned cows providing them good shelter, water and ample space



Governance overview

Board of Directors



Mr. Devendra Shah
Chairman



Mr. Pritam Shah
Managing Director



Ms. Akshali Shah
Executive Director



Mr. Narendra Ambwani
Independent Director



Mr. Nitin Dhavalikar
Independent Director



Dr. Dnyanesh V. Darshane
Independent Director



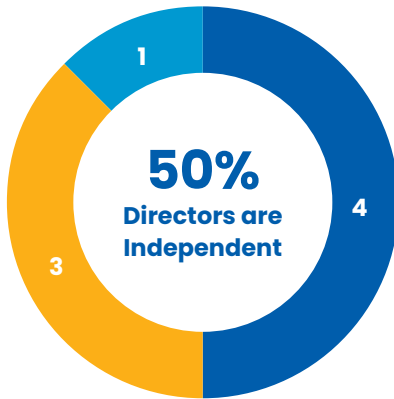
Ms. Radhika Dudhat
Independent Director



Mr. Nikhil Vora
Non-Executive Director

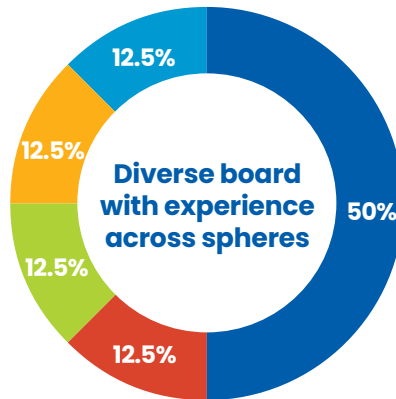
- Audit Committee
- Stakeholders Relationship Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Finance Committee

Governance highlights



Independent Directors

● Independent ● Executive
● Non-Independent



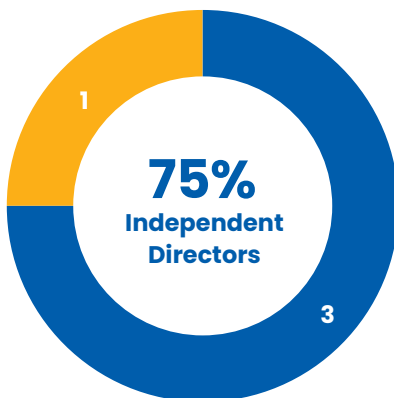
Board experience diversity

● Finance ● Strategy ● Legal
● Operations & International market
● Marketing & Brand building



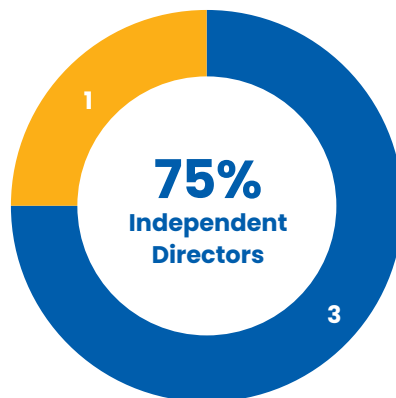
Average attendance in board meeting

● Attendance ● Non attendance



Composition of Audit Committee

● Independent ● Non-Independent



Composition of Nomination & Remuneration Committee

● Independent ● Non-Independent

75%

Independent Audit Committee and Nomination & Remuneration Committee

100%

Directors covered by familiarisation training

All the 6 Committees

are led by Independent Directors

Strengthened the internal controls and processes – appointed Deloitte as Internal Auditor

Policies



Anti-corruption & Anti-bribery policy



Policy on Stakeholders



Policy on Responsible Advocacy



Policy on Product Responsibility



Policy on Human Rights



CSR Policy



Policy on Health & Safety



Policy on Environment



Policy on Cyber Security and Data Privacy

Corporate Information

(As on August 5, 2023)

Board of Directors

Executive Directors

Mr. Devendra Shah
Chairman

Mr. Pritam Shah
Managing Director

Ms. Akshali Shah
Executive Director

Independent Directors

Mr. Narendra Ambwani

Ms. Radhika Dudhat

Mr. Nitin Dhavalikar

Mr. Dnyanesh Darshane

Non-Executive Non-Independent Director

Mr. Nikhil Vora

Chief Financial Officer

Mr. Pritam Shah
Interim Chief Financial Officer

Company Secretary & Compliance Officer

Mr. Virendra Varma

Board Committees

Audit Committee

Mr. Nitin Dhavalikar
Chairman

Mr. Pritam Shah
Member

Mr. Narendra Ambwani
Member

Mr. Dnyanesh Darshane
Member

Stakeholders Relationship Committee

Mr. Dnyanesh Darshane
Chairman

Mr. Devendra Shah
Member

Mr. Pritam Shah
Member

Ms. Akshali Shah
Member

Risk Management Committee

Ms. Radhika Dudhat
Chairperson

Mr. Pritam Shah
Member

Mr. Nitin Dhavalikar
Member

Mr. Dnyanesh Darshane
Member

Ms. Akshali Shah
Member

Nomination and Remuneration Committee

Mr. Narendra Ambwani
Chairman

Mr. Devendra Shah
Member

Mr. Nitin Dhavalikar
Member

Ms. Radhika Dudhat
Member

Corporate Social Responsibility Committee

Ms. Radhika Dudhat
Chairperson

Mr. Devendra Shah
Member

Mr. Narendra Ambwani
Member

Ms. Akshali Shah
Member

Finance Committee

Mr. Nitin Dhavalikar
Chairman

Mr. Devendra Shah
Member

Mr. Pritam Shah
Member

Management Team

Mr. Bheemanappa Manthale
President, Plant Operations

Mr. Sachin Shah
Senior VP, Southern Operations

Mr. Sanjay Nakra
VP, Palamner Plant

Mr. Sanjay Mishra
Sr. VP, Operations Manchar

Mr. Ajay Singh Bhadoria
Sr. VP, Fresh & Liquid Milk

Mr. Ravindra Gupta
Lead, R&D Division

Mr. Sanjeev Jain
GM – Exports

Mr. Arvind Desai
Head – HR

Mr. Binod Das
Head – Sales

Mr. Anand Sharda
GM – Finance

Mr. Amol Sawant
GM – Finance

Mr. Abhinav Gupta
Head – Strategic Projects

Mr. Vivek Rathod
Head – Business Intelligence,
Transformation, Analytics &
Assurance

Investor Desk

Ms. Sangeeta Tripathi
Sr. Manager – Investor
Relations

Corporate Communications

Ms. Pournima Surve
Head – Corporate Communication
and Public Relations

Auditors

Statutory Auditor

M/s. Sharp & Tannan
Chartered Accountants
(Firm's Registration No. 109982W)

Internal Auditor

**M/s. Deloitte Touche Tohmatsu
India LLP**
(LLP identification No. AAE-8458)

Secretarial Auditor

M/s. N. L. Bhatia & Associates
Company Secretaries
(UIN: P1996MH055800)

Cost Auditor

M/s. Harshad S. Deshpande & Associates
Cost Accountants (Firm's Registration No. 00378)

Bankers

Union Bank of India

IDBI Bank Limited

Shamrao Vithal Co-operative Bank

Registrar & Transfer Agent

Kfin Technologies Limited

Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad- 500 032, Telangana.

Email id –einward.ris@kfintech.com

Plant Locations

A. Manchar Plant

Awasari Phata, Post Manchar, Tal.
Ambegoan, Dist. Pune – 410 503,
Maharashtra

B. Palamaner Plant

149-1, Samudrapalli Village,
Post – Pengaragunta,
Palamaner Mandal, District –
Chittoor – 517 408, Andhra Pradesh

C. Sonipat Plant

Plot No. 2266-2268, Food Park,
Phase-2, HSIIDC Industrial Estate-
Rai, Sonipat – 131 029, Haryana

Registered Office

Flat No.1, Plot No.19,
Nav Rajasthan Soc., behind Ratna Memorial Hospital, S.B. Road,
Shivaji Nagar, Pune – 411 016

Corporate Office

10th floor, Nirmal Building,
Nariman Point,
Mumbai-400 021

Management Discussion and Analysis



Economic Overview

Global economic overview and outlook

In CY22, the global economy experienced positive changes with easing inflationary pressures and lower energy, commodity, and food prices. The International Monetary Fund (IMF) expects global economic growth to be 3.4% in CY22, down from 6.1% in CY21 but still healthy compared to pre-pandemic levels. Private consumption and investment exceeded expectations due to pent-up demand and improved labour markets.

However, the global economic situation worsened as anticipated risks materialised. Global output contracted in the second quarter due to downturns in China and Russia, and US consumer spending fell short of expectations, magnifying the pandemic's impact on the world economy.

Inflation became a significant issue globally, particularly in the US and major European economies. This led to tighter financial conditions and added to countries' economic challenges. China also experienced a more severe slowdown due to COVID-19 outbreaks and lockdown measures, while the war in Ukraine strained the global economy further.

The IMF reported a global headline inflation rate of 8.8% in CY22, the highest since 1982. This increase was caused by supply disruptions from the Russia-Ukraine War and expansive monetary policies implemented to address the pandemic.

While some economies saw higher domestic inflation, overall inflation is expected to gradually decrease as central banks pursue their targets. Concerns remain about persistent inflationary pressures driven by entrenched expectations and pricing behaviour.

There has been some price relief, with declining fuel and non-fuel commodity prices in the US, Euro area, and Latin America. However, core inflation remains elevated in most economies due to earlier cost shocks and tight labour markets.

The reopening of the Chinese economy provided growth momentum, easing global supply chain pressures and reducing shipping costs. Consumer demand is expected to increase as excess savings are spent.

The labour market remains tight in most countries, supporting household incomes and consumer spending. Although real incomes are squeezed by high inflation, purchasing power is projected to recover gradually as wage increases outpace inflation in the future.

The IMF predicts that the headline inflation rate will be lower in 84% of nations in CY23 compared to CY22. Global inflation is also expected to drop from 8.8% in CY22 to 6.6% in CY23 and 4.3% in CY24.

Global GDP is projected to slow to 2.8% in CY23, before settling at 3.0% in CY24, reflecting higher central bank rates to combat inflation. The decline in growth in CY22 will be driven by a slowdown in advanced economies,

while emerging markets and developing economies, led by China, are expected to pick up. The projected improvement in CY24 represents a gradual recovery from the war effects and subsiding inflation in both groups of economies.

(Source: World Bank, International Monetary Fund)

Indian economic overview and outlook

The Indian economy showed resilience despite global challenges and headwinds, including the Ukraine-Russia war and rising prices of food, fuel, and fertilizers faced by advanced countries. Despite these factors leading to inflation and monetary policy tightening in those countries, India's economy grew by 7.2% in FY23, showcasing its ability to withstand global challenges on the back of increased private consumption and capacity utilization across sectors.

Exports of goods and services experienced significant growth compared to the previous year, although high oil prices led to a widening merchandise trade deficit. However, concerns over the current account deficit and financing eased as the year progressed, with comfortable foreign exchange reserves and low external debt.

India's overall exports surged by 14% during FY23, reaching a total value of \$775.87 Billion, a substantial increase of approximately USD 100 Billion compared to the previous year. However, retail inflation in CY22 stood at 6.07%, surpassing the Reserve Bank of India's upper tolerability level of 6%. This was mainly due to the spike in food prices caused by rising crude oil prices.

The Reserve Bank of India promptly raised interest rates to mitigate the impact of inflation on economic activity. The Indian rupee remained stable against the US dollar, thanks to conservative external borrowing policies and efficient management of foreign exchange reserves. Indian capital markets performed well, with Indian stocks outperforming both emerging markets and global peers.

As per KPMG's Global Economic Outlook, the Indian Union Budget CY23-24 aims to enhance the disposable income of taxpayers, which is anticipated to stimulate consumption by encouraging discretionary spending. Furthermore, the budget's emphasis on robust capital expenditure, with a significant increase of 37.4% compared to the previous fiscal year, is expected to drive growth, investments, and the creation of job opportunities.

Various international agencies, including the IMF and World Bank, consistently project India as the fastest-growing major economy. These organisations hold optimistic growth forecasts and believe that India is well-positioned to navigate any potential global challenges in CY23.

(Source: World Bank, International Monetary Fund, Union Budget CY23-24)

FMCG industry

India's Fast-Moving Consumer Goods (FMCG) sector is poised for significant growth in the coming years. With favourable demographics and an increase in income levels, the sector is expected to reach new heights. Currently, the FMCG sector is the fourth-largest sector in the Indian economy.

In FY22, the rural Indian economy provided more than 35% of the total annual FMCG sales, compared to the urban segment's 65% contribution. Good crop and government expenditure are anticipated to support a revival in rural demand in FY24. The industry had value growth of roughly 8.4% from January through June 2022 because of price increases brought on by inflationary pressures. Price increases across product categories will offset the impact of rising raw material prices, along with volume growth and a resurgence in demand for discretionary items, which are driving growth.

The FMCG sector in India is growing at an unprecedented pace and is expected to continue its upward trajectory in the coming years. The rise in rural consumption, favourable demographics, and increased income levels will further boost the market's growth. With the advent of modern trade channels, the FMCG sector is set to witness a significant increase in the number of households shopping for FMCG products, further driving the sector's growth.

The FMCG market in India is predicted to grow at a CAGR of 14.9%, reaching USD 220 Billion by CY25 from

USD 110 Billion in CY20. By CY25, it is expected to become the fifth-largest FMCG market globally.

Dairy industry overview

Global dairy industry

According to IMARC report, the global group predicts the global dairy industry to reach USD 1,243 Billion by CY28, with a compound annual growth rate (CAGR) of 5.79% from CY22 to CY28. Meanwhile, worldwide milk production is anticipated to increase by 0.7% from the previous season to 12.44 Billion litres for FY23, according to the Agriculture and Horticulture Development Board.

However, the global dairy industry is expected to face challenges, as demand is likely to remain low due to sluggish economic growth. However, there is some potential for improved import demand from China later in the year, which could provide some relief to the industry.

Domestic demand for agricultural products is also expected to be impacted by a squeeze in consumer incomes. This is likely to result in lower sales for all agricultural products. As a result, farmers may face further financial pressure in the short term.

Farmgate prices are expected to decline in the first half of CY22 due to the above factors. However, there is some potential for this to improve in the second half of the year if inflation subsides and demand recovers.

(Source: IMARC)



Indian dairy industry

Milk stands as the largest agricultural product in India, making a 22% contribution to the agricultural GDP. The nation has secured the top position as the largest milk producer globally, contributing a significant 24% of the world's total milk production in CY21-22.

This remarkable achievement is backed by a staggering 51% increase in milk production during the last eight years, between CY14-15 and CY21-22, taking the total milk production of India to 221.06 Million Tonnes in CY21-22. Additionally, the production has increased by 5.29% compared to the previous year, CY20-21.

According to the data provided by Invest India, Rajasthan, Uttar Pradesh, Madhya Pradesh, Gujarat, and Andhra Pradesh are the top five milk-producing states in India, contributing 15.05%, 14.93%, 8.6%, 7.56%, and 6.97%, respectively. Together, they account for 53.11% of the total milk production in the country.

The data also indicates that the export of dairy products has witnessed a growth of 19.45%, with exports rising to USD 471 Million during the period April-December 2022, as compared to USD 395 Million in the same period of the previous fiscal year.

As per IMARC, India's milk production has witnessed remarkable growth, surging from 17 Million Metric Tonnes in 1951-52 to 209 Million Metric Tonnes in CY20-21. This exceptional progress has positioned India as the leading global milk producer. With continued expansion in recent years, India is set to solidify its status as the world's largest milk producer and consumer.

The government has implemented various initiatives to enhance livestock productivity, significantly boosting milk production. Additionally, factors such as economic revival, increased per capita milk consumption, evolving dietary preferences due to urbanisation, and consistent government support for the dairy industry are expected to further propel milk consumption in India.

The organised dairy industry is expected to see strong revenue growth in FY23. This growth will be driven by rising demand from institutional segments, increasing consumer preference for branded packaged dairy products, higher urban income, and greater per capita consumption of value-added dairy products.

According to the data released by the National Dairy Development Board (NDDB), the average daily per capita consumption of milk and milk products in rural and urban areas of India was 280.5 ml and 402.3 ml, respectively, in CY19. NDDB predicts that by CY30, the per capita daily consumption of milk and milk products in rural areas is expected to reach 404 ml, while in urban areas, it is expected to reach 592 ml.

(Source: NDDB, IMARC)

Growth drivers

Economic growth and urbanisation driving demand for dairy products in India

India is currently experiencing strong and promising economic growth, leading to increased disposable incomes and a greater demand for dairy products. This trend is further fueled by the growing middle class and urban population, which drive demand for organised dairy products. Additionally, the large working population is contributing to this trend with a rise in disposable incomes and a growing preference for ready-to-eat or drink dairy products.

Direct-to-customer deliveries and building customer relationships

Direct-to-customer deliveries have been a game-changer for the dairy industry in India, enabling dairy producers to bypass intermediaries and connect directly with their customers. This reduces costs for dairy producers and helps them build stronger relationships with their customers and gain better insights into their preferences and needs.

Shift in dietary patterns towards milk and milk-based products

As India's dietary patterns continue to evolve, there has been a noticeable shift towards decreased consumption of cereals and an increase in the consumption of milk and milk-based products. This is especially important given the large vegetarian population in India, who rely heavily on milk as a key source of protein.

The emergence of niche products in the dairy industry

The dairy industry in India has seen the emergence of niche products, which have disrupted the long-standing focus on cow and buffalo milk-based products. This shift has been driven by rising internet penetration and growing consumer awareness, with consumers increasingly seeking healthier and more sustainable alternatives.

Growth of the value-added market in India

The value-added market in India has experienced significant growth in recent years, with roughly half of the milk produced in India consumed as liquid milk, while the rest is used to produce a range of value-added products. As consumers become more health-conscious and their spending capacity increases, they are willing to invest in higher-quality food products, driving the growth of the value-added market in India.

Government initiatives

Infrastructure investment in processing, chilling, logistics, cattle feed and other areas are crucial to support the growth of the dairy market. Moreover, there are promising opportunities in untapped areas such as value-added dairy products, organic/farm-fresh milk and exports. Central and State Governments have introduced various incentives to encourage

infrastructure development to support the industry. These include:

1. **Animal Husbandry Infrastructure Development Fund (AHIDF)**
2. **National Livestock Mission (NLM)**
3. **Livestock Health and Disease Control (LH&DC) Scheme**
4. **National Animal Disease Control Programme (NADCP)**
5. **Rashtriya Gokul Mission**
6. **National Programme for Dairy Development (NPDD)**
7. **Dairy Entrepreneurship Development Scheme (DEDS):**

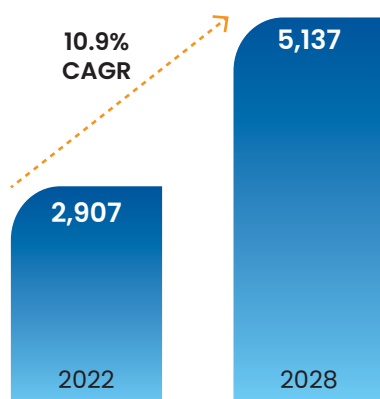
The Department of Animal Husbandry and Dairying received an allocation of ₹ 4,327.85 Crore in Union Budget CY22-24, an increase from ₹ 3,105.17 Crore in CY22-23 revised estimates, to significantly help the sector boost its growth.

(Source: Invest India)

Exploring Category Market Potential

Ghee

Market value in ₹(Billion)

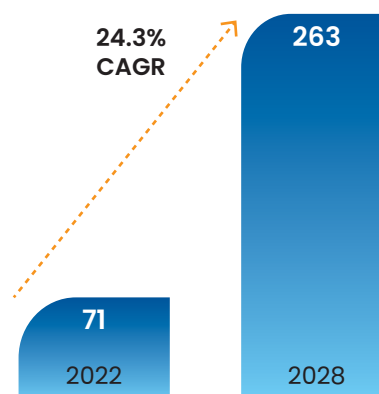


- Ghee is a popular dairy product in India, commonly used for cooking and making traditional sweets
- Urban consumers, especially those health-conscious, are increasingly favouring ghee, particularly cow ghee, for its perceived health benefits.
- Ghee is preferred over other fats/oils due to its high content of easily absorbable medium-chain fatty acids, promoting energy production in the liver.
- Ghee boasts a longer shelf life due to its antioxidants and low moisture content.

- Rising health awareness and evolving dietary preferences are fueling the demand for ghee in India.

Cheese

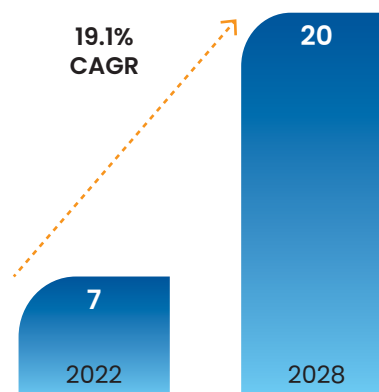
Market value in ₹(Billion)



- Cheese is a rapidly growing segment in the Indian dairy market, previously dominated by unorganized players, mainly offering paneer.
- The proliferation of food service outlets like Pizza Hut and Domino's, along with changing eating habits, is driving the demand for cheese.
- Notably, there are approximately 1,195 Domino's outlets in 276 cities and 400-500 Pizza Hut outlets in about 100 Indian cities.
- Growth factors include increasing disposable income, government initiatives, and the expanding market for processed and cheddar cheese, which holds a 47.7% market share.
- Mozzarella and other cheese variants also contribute significantly to this growth.

Whey protein

Market value in ₹(Billion)



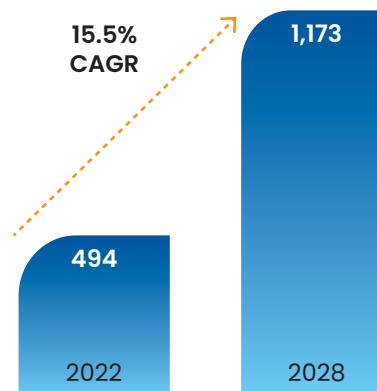
- Whey is the liquid byproduct of milk processing, left after removing casein and fat from cheese, paneer, and chhana production.
- Previously considered waste, whey is now produced in larger quantities due to the increased production of indigenous milk products.
- Recognizing its nutritional and functional value, companies now convert whey into products like whey powder, lactose, high-protein whey powders and whey protein concentrate.
- These whey-derived products have diverse applications, including infant foods, weaning foods, bakery products, confectionery, and dairy items.

Lactose

- The Indian lactose market size is ~40,000-45,000 MT and is valued at ₹ 5,000 Million (~USD 70 Million)
- PMFL has introduced high-potential lactose products that have added value to the Company's cheese and whey business.
- The Company has set up a state-of-the-art facility with a capacity to manufacture 40 MT of lactose per day.

Paneer

Market value in ₹(Billion)

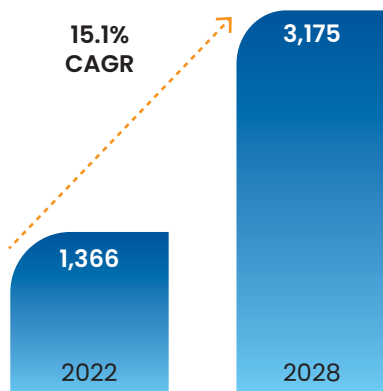


- Paneer, a traditional cottage cheese product, is primarily consumed in the northern and western regions of India.
- Historically, the unorganised sector dominated the market for paneer.
- Organised players in the market include GCMMF, Mother Dairy, and Punjab Milkfed



Curd

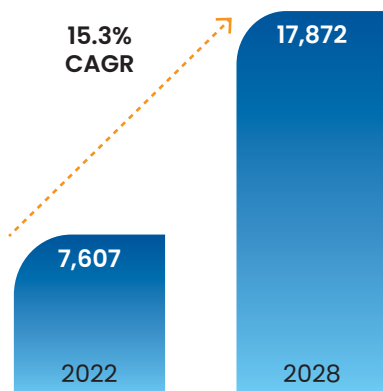
Market value in ₹(Billion)



- Dahi, also known as curd, holds a significant place in the Indian diet.
- It is consumed in various forms, including plain dahi as a standalone dish or as an accompaniment to meals.

Liquid milk

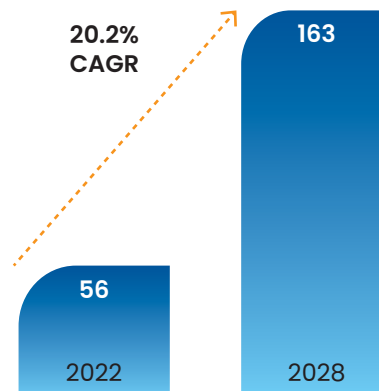
Market value in ₹(Billion)



- The liquid milk segment holds the largest share of the Indian dairy sector.
- A significant portion of liquid milk (57.2%) is sold through the unorganised sector.
- In the organised sector, most milk is sold in the form of polypacks (pouch milk), with a shelf life of approximately 48 hours.

UHT

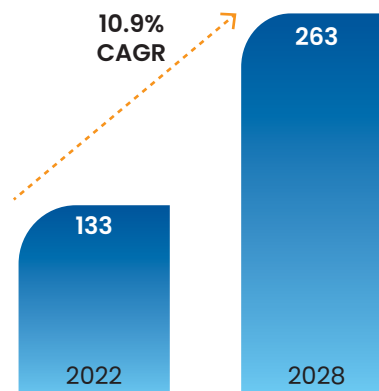
Market value in ₹(Billion)



- UHT (ultra-heat treated) milk undergoes a heating process at a minimum temperature of 135°C to eliminate any potentially harmful microorganisms present in the milk.
- The sterilised milk is then packaged and sold in the market.

Skimmed Milk Powder (SMP) and Whole Milk Powder (WMP)

Market value in ₹(Billion)



- Skimmed milk powder holds a significant share of the Indian dairy market.
- It serves as a substitute for liquid milk, especially during the summer months when milk production declines in India.
- Shortfalls or oversupply of skimmed milk powder have a cascading effect on the retail liquid milk market.

Business overview

Parag Milk Foods Limited (PMFL) distinguishes itself from other dairy players through its exceptional strengths and innovative business model. PMFL operates as an integrated player, encompassing dairy farming, processing, and branding. This presence across the entire value chain empowers the Company to exercise stringent control over processes and maintain exceptional product quality, resulting in strong brand recall and customer loyalty. The robust infrastructure developed by PMFL also acts as a significant entry

barrier for competitors, further solidifying its unique position in the industry.

One of PMFL's primary competitive advantages is its business strategy, which meets an astounding 80% of consumers' daily dietary needs. The Company's wide variety of products are part of many meals, including breakfast, lunch and dinner, and form an essential part of everyday consumption.

A Complete Integrated Business Model

BRANDS



DISTRIBUTION

4.6 Lakh

Pan India Retail Touch Points

4,500+

Distributions

500+

Super Stockists

29

Depots

MILK PROCUREMENT

100%

Cow Milk from Key Milk Belts

Relationship with over

5 Lakh+

Farmers across India

PROCESSING

20

MT/day of paneer

140

MT/day, Ghee & Cheese

12 Lakh

Litres/day Whey Processing Capacity

3.4mm

Litres/day Milk Processing Capacity

3

State of the art manufacturing facilities

DAIRY FARMING

Direct Consumer base

1 Lakh+

households spread across

5

cities

Largest automated dairy farm with

3023

Cows



Unique Business Model Caters to



Assorted

MEALS

Breakfast | Lunch
Snacks | Dinner

CHANNEL

General Trade
Modern Trade
Online | HORECA

BRANDS

Gowardhan
Go | Pride of Cows
Avvatar

CATEGORY

Ghee | Instant Mixed
Paneer | Cheese
Beverages
Protein Milk Powder

With 4.6 million retail touchpoints, 4,500+ distributors, 500+ super stockists, and 29 depots spread out over India, PMFL has a substantial distribution network. Additionally, the Company has developed strong partnerships with more than 5 lakh farmers worldwide and receives 100% cow milk from important milk belts. The Company has the largest automated dairy farm, which is home to over 3,000 Holstein Friesian cows, further demonstrating its dedication to quality. The company has successfully carved out a niche for itself.

In order to serve various economic sectors, PMFL's portfolio includes well-known PAN India mass affluent brands. Gowardhan Fresh Milk, Gowardhan Dahi, Gowardhan Buttermilk, and Milko Cheese are some of the company's popular goods that cater to the mass

market. PMFL supplies its flagship brand Gowardhan Ghee, the distinctive "Swarna" ghee, and a wide selection of cheeses to the mass-affluent market. With its new-age businesses under the brand - Pride of Cows and Avvatar, PMFL also serves the upper class of the economy.



Brand Positioning

A key driver of PMFL's success is its strategic focus on value-added dairy products. Approximately 70-80% of PMFL's portfolio comprises value-added dairy products, including ghee, cheese, and beverages. Over the years, PMFL has witnessed significant growth in the share of value-added dairy products, expanding from 50% a decade ago to around 70% currently. This emphasis on value added products is the key growth driver for the company.

Product performance

In FY23, PMFL's product mix comprises a range of offerings that cater to diverse consumer preferences:

1. **Milk:** Milk contributed to 9.4% of PMFL's product mix. This includes various types of milk, such as toned, full-cream, and low-fat, providing essential nutrients and nourishment.
2. **Value-Added Milk Products:** A significant portion of PMFL's product mix, amounted to 69.3%, is dedicated to value-added milk products. These products undergo additional processing or have specific ingredients added to enhance their nutritional value or taste.
3. **New Age Products:** Accounted for 3.3% of the product mix, PMFL offers a range of new-age products that align with evolving consumer trends and preferences. Our new age business includes Pride of cows - Premium Dairy brand and Avvatar-whey protein business
4. **SMP (Skimmed Milk Powder):** Skimmed Milk Powder accounted for 18% of PMFL's product mix. SMP is obtained by removing the fat content from milk, resulting in a product with an extended shelf life and multiple uses. It is often used as an ingredient in various food applications, such as bakery products, confectionery, and dairy-based desserts.

Overall, PMFL's product mix in FY23 demonstrates a comprehensive range of dairy offerings, with a focus on value-added milk products and an understanding of emerging market trends.

Brands

Gowardhan

Gowardhan is a brand that caters to Indian households, living in both urban and rural regions. Its range of products includes everyday dairy items that consumers are familiar with, such as Ghee, Milk, Paneer, Dahi, Curd, Butter, Dairy Whitener, and Gulab Jamun Mix.

Go

The Go brand caters to modernised and westernised families who lead busy and active lives. Go's target audience comprises young working couples and urban-centric families with well-travelled backgrounds and active children.

Pride of Cows

Pride of Cows, a brand under the PMFL's umbrella offers an exceptional farm-to-home milk experience that is truly one-of-a-kind. It originates from India's most advanced dairy farm, and marketed as Single origin Premium dairy brand.

Avvatar

Avvatar is PMFL's sport nutrition brand. PMFL holds the distinction of being the first Company in India to introduce fresh vegetarian whey protein. Since its inception in CY17, Avvatar brand has garnered enthusiastic consumer feedback and widespread acceptance in the Indian market.

Bhagyalaxmi Dairy Farm - 100% subsidiary of PMFL

The Company has implemented backward integration through its own Bhagyalaxmi Dairy Farm, which is recognised as India's most advanced farm spanning over 35+ acres and equipped with top-notch international technology. This farm is home to over 3,000 cows and serves as the foundation for the premium offerings sold under the brand 'Pride of Cows.' These high-quality products are targeted towards SEC A+ consumers and include whole milk, fat-free milk, ghee, paneer, and curd. The Company has been a pioneer in the 'farm to home' concept, experiencing remarkable growth as a result.

The Company has ambitious expansion plans to further strengthen PMFL's presence in the backend operations and meet the increasing demand for fresh and unadulterated premium dairy products. The goal is to enhance milk production capacity to 140,000 litres in the future, accompanied by a cattle capacity of approximately 15,000.

Pride of Cows product portfolio

Our brand Pride of Cows started with premium milk proposition and has over the years expanded its product portfolio to now include- Pride of Cows Milk, Pride of Cows - Fat free milk, Pride of Cows- Ghee, Pride of Cows - Paneer.





Expansion of Bhaygyalaxmi Dairy Farm

- To strengthen PMFL's backend presence and cater to the growing needs for fresh, unadulterated premium dairy products, the company plans to expand its dairy vertical.
- The Green field expansion is spread across 500 acres of land parcel situated 40 kms from Nashik at Bota. It would be building up a world class dairy farm; that will house around 15,000 cows, almost 5x than the current levels, and the facility at its peak is expected to churn out around 1.4 lakh litres of milk everyday. The project has already started

and would be completed by 2027. This expansion is aimed at seeding the market with increased milk production.

Bhagyalaxmi Bioscience division

The Bhagyalaxmi Bioscience Division studies various formulations for quality cattle feed to improve milk yields as well as its sustainability. Here, waste matter is converted into useful marketable material, such as manure. The facility also has its own biogas plant with a 600 m3 power generation capacity, used for captive consumption.

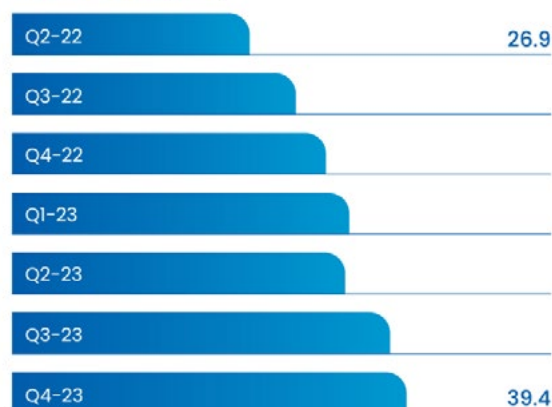
Financial highlights

FY23 has witnessed record performance across business verticals and has posted highest ever revenue; led by volume, value, and product mix. The superlative performance was driven by extensive distribution reach and outlet coverage, coupled with impact led marketing and branding campaigns and premium pricing in flagship products.

Highlights of the year

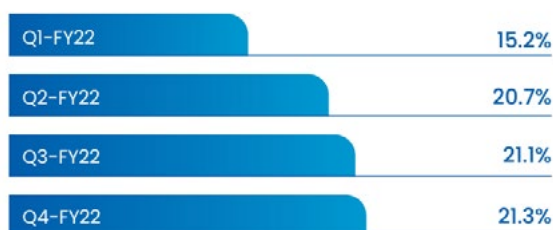
- Consolidated Revenue grew by 39.6% to ₹ 28,926.2 Mn on the back of strong growth in all our brands. Gowardhan, Go Cheese and Avvatar experienced volume growth of 25%, 19% and 69% respectively.
- During the year, the industry encountered headwinds in the form of high inflation which resulted in a surge in milk prices. The high milk inflation was the result of (a) Lumpy Skin Disease resulting in lower output and supply (b) Elevated Energy prices (c) Tight global supply on account of the Russia-Ukraine war and demand met by exports.

Milk rate (INR/litre)



- Despite the turmoil in the industry; (PMFL) stood resilient and the company's planned purchase procurement increased by 20% Y-O-Y. On average, the company handled around 18 Lakh litres of milk per day signifying its meaningful relationship and strong network with the farmer fraternity.

Gross Profit



- The share of new age business is 3.3% while liquid milk is 9.4% and value-added Products are 69.3% of total revenue, and Skimmed Milk Powder was 18% YoY.
- Gross Profit stood at ₹ 5694.3 million and margin expanded by 610 basis points – aided by content-led impact marketing and branding activities across a multitude of TVC programming.
- EBITDA stood at ₹ 1634.9 million, while the margins stood at 5.6%.
- Profit After Tax stood at ₹ 532.5 million.

Core categories: Core categories of Ghee and Cheese have seen continuous traction throughout the year and have posted a growth of 43.5% Y-o-Y, led by volume growth of 21.5% YoY.

New age business- Brand Avvatar: The protein portfolio continued its momentum and recorded robust 123% growth YoY, led by 69% volume growth YoY. The protein portfolio continued to record market share gains.

Premium Dairy Business: In line with the company's premiumization agenda- the brand Pride of Cows continues to witness healthy traction. The brand is aggressively expanding its product portfolio as well as distribution footprint and now is present across five cities.

Distribution reach: The overall business growth was broad-based with all the distribution channels contributing to the performance. For FY23, the General Trade, Modern Retail and HoRECA verticals posted a growth of 37% YoY, 42% YoY, and 35% YoY respectively. The overall retail presence expanded by 30% YoY to reach 4.6 lac retail touchpoints.

Brand building initiatives: The company has strengthened its brand equity reach by adopting unique content led impact marketing and branding activities. Some of the recent activities include participation in "Kaun Banega Crorepati (KBC)" – this impact campaign has enabled it to widen its reach in tier 2 and tier 3 towns and cities through strong brand messaging 'Garv Se Gowardhan'. In keeping with the core theme "Make it amazing" the brand Go Cheese has participated in the most popular show "Anupama", which has enabled the company to gain strong consumer connect.

Ecommerce: E-commerce business has grown by ~2.2x on a YOY basis. It is one of the crucial pillars of the distribution strategy as it helps the company to achieve higher visibility to capture market share.

Procurement: Milk inflation continued to persist; the milk and fat prices remained elevated for almost 18 months. The milk procurement cost has increased by 17.5% on a YOY basis.

Opportunities and risks

Risks	Mitigation measures
Sourcing risk: Inadequate supply or lack of availability of milk may lead to delay in production and impact brand equity.	A long-lasting relationship with farmers, which enables the Company to ensure adequate inventory at all times. A strong inventory management system enables the Company to mitigate supply risk. During the pandemic, when milk supply was more than demand, the Company, to secure its farmers, continued to convert surplus milk to higher shelf-life products.
Sustainability risk: Corporate citizenship has become significant as both individual and institutional investors begin to seek out companies that have socially responsible orientations such as their environmental, social, and governance (ESG) practices.	The Company has in place programmes to reduce energy consumption by increasing the use of renewable energy, circular economy and water stewardship. The Company has designed and is in process of implementing a roadmap to meet the objectives in a manner that mitigates its ESG risk. Further, dossier on ESG framework is covered in BRSR Report and ESG section included in this Annual Report.
Concentration risk: Dependence of business on only four states reduces the robustness of business as any unforeseen changes in the economy of these states may hamper sustainability.	The Company's plants are strategically located which provides a balance to its overall business operations and also efficiently complements the sales & distribution network. Additionally, the Company is constantly working to mitigate these risks by expanding business to adjacent areas and similar geographies.
Redundancy risk: With changing times the market trends rapidly evolve which necessitate the Company to keep in pace with changing consumer needs and accordingly innovate flavours and new products/ categories.	The robust R&D team of the Company is responsible for keeping a close eye on emerging trends and formulating new products to avoid the risk of redundancy.
Compliance, Regulatory & Reputation risks: Any unforeseen changes in the legal and regulatory environment may lead to non-compliance with local and global laws and regulations. This may result in erosion of brand equity and may result in claims or enforcement.	Holistic compliance framework developed, and robust SOPs defined for quality checks with defined guardrails and deviation parameters for different geographies/business units. In addition, audits are conducted by third parties and an in-house team from time to time. All our manufacturing facilities undergo regular food safety audits/ quality checks safety audits along with continuous monitoring and upgradation.
Competition risk: The Company faces immense competition from both domestic and international players given the promising growth prospects of the dairy industry.	Long legacy, strong brand equity, unparalleled bond with all stakeholders and undivided focus on innovation gives a strong edge to the Company over the competition
People risk: It's important to attract and retain talent by appropriate succession planning and competency management to support business objectives.	The Company has taken initiatives to build a progressive culture and engaged workforce, spanning employee wellbeing, diversity and inclusion, learning and development and career progression.

Human resources

Human capital is the most critical resource of the Company and it plays an inevitable role in business continuity and success. A competent HR policy framework enables the Company to attract skilled talent, offer adequate training and skill development programs, ensure employees are motivated and create an environment conducive to their personal and professional growth. The Company constantly strives to upgrade its processes and methods and leverage innovation to enhance the capabilities of its workforce. Our HR policies foster the all-round development of employees, and build a culture of mutual trust and appreciation. Increased efficiency and involvement, in

turn, enable to align employee values, goals and mission with that of the organisation. Regular skill development programs and training initiatives lead to stronger employee connections and superior performance. Selected employees are further groomed under the guidance of prominent institutes. Several rewards and recognition programs and employee benefit schemes ensure high levels of employee engagement and motivation. Such positive work culture enables the Company to attract and retain key talent. The Company strives hard to maintain a safe, conducive and productive environment to foster a culture of constant learning, self-growth and satisfaction for all employees. As of March 31, 2023, the Company had 1,716 employees.

Internal Control Systems and their Adequacy

Comprehensive internal control mechanism has been deployed by the Company with adequate policies and procedures for the governance of orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding its assets, prevention, and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. To encourage a strong culture of integrity, ethics and management efficiency; provide reasonable assurance on the efficient conduct of business and ensure the safeguarding of assets, reliability of accounting practices, prevention of frauds/ errors and compliance with the applicable regulatory requirements, the Company has robust internal financial control (IFC) systems in place to commensurate with the size and industry in which it operates. The IFC systems are effectively managed by the Board of Directors who set the guidelines and verify their adequacy, effectiveness and application. To keep a close eye on the overall governance processes within

the Company, including the application of a systematic risk management framework, a regular assessment of the effectiveness of IFC systems is conducted.

The Audit Committee and Risk Management Committee, among other things, evaluate and monitor the internal controls, processes and risk management framework basis the quarterly reports submitted by the Internal Auditors. Based on the Committees recommendations, the internal controls are constantly upgraded. Any deviations from the standard are corrected and measures are taken to strengthen the internal control framework further. Accordingly a quarterly report is presented to the Board for review and remarks if any. To ensure the well-being of its employees, the Company has a well-designed code of conduct. It is reviewed and monitored at regular intervals and in case of violations, prompt action is taken.

Recently, the Company appointed M/s. Deloitte Touche Tohmatsu India LLP as its Independent Internal Auditor to strengthen the internal control system on the footing of risk-based approach with an aim to strengthen the internal control system, improve performance and operating efficiency of the Company.

Key Financial Ratios

Particulars	Numerator	Denominator	FY 2022-23	FY 2021-22	Percentage Variance from previous year
Current Ratio (in times)	Current assets	Current liabilities	1.92	1.59	21%
Debt - Equity Ratio (in times)	Debt	Total shareholders' equity	5.17	5.56	(7%)
Debt Service coverage ratio* (in times) 1	Net Profit before non cash operating expense and interest	Current debt	1.31	(2.28)	(157%)
Return on equity (in %) 2	PAT	Total average equity	50%	(595%)	(108%)
Inventory Turnover Ratio (in times) 3	Sales	Average inventory	5.50	3.53	56%
Trade receivables turnover ratio (in times) 4	Revenue from operations	Average trade receivables	19.71	14.58	35%
Trade payables turnover ratio (in times) 5	Adjusted expenses	Average trade payables	12.78	7.04	82%
Net capital turnover ratio (in times)	Revenue from operations	Working capital	5.35	6.20	(14%)
Net profit ratio (in %) 6	Net profit	Revenue	2%	(25%)	(107%)
Return on capital employed (in %) 7	PBIT	Capital employed	13.15%	(96.11%)	(114%)
Return on investment (in %)	Interest income, net gain on sale of investments and fair value gain	Average investments	1.71%	10.00%	(83%)

Explanation for variance exceeding 25% :

1. The debt service coverage ratio positive due to net profit during the year.
2. Return on equity increased due to infuse/increased in Equity capital.
3. Inventory turn around times increased during the year. Group is further looking to increase the turn around times.
4. Trade receivable turnover ratio increased during the year. It's a positive sign towards better receivable management.
5. The Group has reduced the credit days to get better competitive rate and quantity to mitigate the demand.
6. Net Profit Ratio is increased due to increase in Profit.
7. Return on capital employed is increased due to increase in profit during the year.

Directors' Report

To,
The Members,
Parag Milk Foods Limited

Your Board of Directors ("Board") takes pleasure in presenting the 31st Annual Report along with the Audited Standalone and Consolidated Financial Statements of Parag Milk Foods Limited ("Parag" or "Company" or "your Company") for the financial year ("FY") ended March 31, 2023. The consolidated performance of the Company and its subsidiary has been referred to wherever required.

In Compliance with the applicable provision of the Companies Act, 2013 ("Act") and the Securities and Exchange Board of India ("SEBI") (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), this report covers the financial results and other developments during the financial year

from April 1, 2022 to March 31, 2023, with respect to the Company and its Subsidiary Company. The consolidated entity has been referred to as "Parag Group" or "Group" in this report.

FINANCIAL SUMMARY - HIGHLIGHTS

The Standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023, have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The summarized Financial Results of the Company (Standalone & Consolidated) for the Financial Year ended March 31, 2023 are presented below:

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from Operations	28,532.00	20,256.07	28,926.20	20,717.54
Other Income	351.62	89.61	451.57	210.40
Total Income	28,883.62	20,345.68	29,377.77	20,927.94
Earnings before interest, Depreciation and Tax	1741.17	(4,197.65)	1,634.93	(4,173.51)
Less :- Depreciation	540.73	509.31	572.75	537.44
Less:- Interest	528.57	470.36	551.56	509.59
Profit before Tax and exceptional items	671.87	(5,177.32)	510.62	(5,220.54)
Exceptional Items	-	--	-	--
Profit / (Loss) before tax	671.87	(5,177.32)	510.62	(5,220.54)
Less:- Tax expense				
(1) Current Tax:				
(2) MAT (Credit) / Revesal	-	-	-	-
(3) Deferred tax:	(13.04)	79.16	(21.92)	69.34
(4) Tax adjustment in respect of ealier years	-	35.07	-	35.07
Profit for the Period / Year After Tax (PAT)	684.91	(5,291.55)	532.54	(5,324.95)
Dividend on equity shares (including tax on dividend)	Nil	Nil	Nil	Nil
Earnings per Share				
Basic	6.52	(56.56)	5.07	(56.91)
Diluted	6.34	(55.19)	4.96	(55.54)

Note: Due to rounding off, numbers presented in the above table may not add up precisely to the totals provided in Financial Statements.

FINANCIAL PERFORMANCE AND STATE OF COMPANY'S AFFAIRS

Standalone

At Standalone level, the total Revenue from operations for FY 2022-23 increased by 41% to ₹28,532.00 Million against ₹20,256.07 Million in the Previous Year 2021-22. The Standalone Profit Before Tax for FY 2022-23 increased to ₹671.87 Million against ₹(5,177.32) Million in the Previous Year 2021-22. The Standalone Profit after Tax for FY 2022-23 increased to ₹684.91 Million against ₹(5291.55) Million reported in the Previous Year 2021-22. The Operations and Financial Results of the Company are elaborated in the Management Discussion and Analysis Report.

Consolidated

Consolidated Revenue from Operations for FY 2022-23 stood at ₹28,926.20 Million reporting a growth of 39.60% as compared to ₹20,717.54 Million in FY 2021-22 driven by improvement in core categories which reported 43.50% growth. The Consolidated Profit Before Tax for FY 2022-23 increased to ₹510.62 Million from ₹(5220.54) Million in the Previous Year 2021-22. The Consolidated Profit After Tax for FY 2022-23 stood at ₹532.54 Million as compared to ₹(5324.95) Million in the Previous Year 2021-22.

PERFORMANCE ANALYSIS, OUTLOOK & OUR BUSINESS

The Company had started on a positive note and had delivered record revenue for the 1st Quarter ended June 30, 2022. Consolidated income from operations stood at ₹6,909.34 Million registering a growth of 57.6% Y-o-Y and 22.9% Q-o-Q driven by robust volume and value growth across categories. Gross Profit, EBIDTA and Profit After Tax were lower compared on a quarter on quarter basis. The share of value-added Products for Q1 FY 2022-23 was 61.8% of total revenue, while that of liquid milk was 12.8% and the same for Skimmed Milk Powder was 25.4%.

For Q2 FY 2022-23; the overall festive buoyancy being felt across all product categories, resulting in healthy demand growth. Decent volume growth in core product categories of ghee, cheese and paneer was reported. Consolidated total income from operations of ₹6,648.40 Million registering a growth of 24.9% Y-o-Y driven by robust volume and value growth across categories. The share of value-added Products for Q2 FY 2022-23 was 74.5% of total revenue, while that of liquid milk was 12% and the same for Skimmed Milk Powder was 13.5% respectively.

The Company associated with national shows like Kaun Banega Crorepati ("KBC") and Super Singer for Gowardhan Ghee and Go Cheese respectively. E-commerce business grew by 76% Y-o-Y in Q2 FY 2022-23. Company also commenced the Lactose Value Added Plant and was working on cold-room facilities across India.

For Q3 FY 2022-23; the Company registered an all time quarterly high revenue at ₹7358.90 Million recording a robust growth of 36.6% Y-o-Y at consolidated level. The growth was broad-based with all distribution channels of General Trade, Modern Trade, Ecommerce and HORECA contributing to the growth. Gross Profit stood at ₹1556.1 Million as compared to ₹1507.5 Million in Q3 FY 2021-22. The share of new age business was 3.8%, while for liquid milk being 8.1% and value-added products at 74.8% of total revenue, while that for Skimmed Milk Powder was 12.5% respectively.

Core categories of Ghee and Cheese had seen continuous traction throughout the year and posted a growth of 45.7% Y-o-Y and 14.1% Q-o-Q for Q3 FY 2022-23.

Overall, the year posted a very strong momentum on demand across business verticals and FY 2022-23 posted highest revenue of ₹28,926.20 Million; led by volume, value, and product mix. The outstanding performance was driven by extensive distribution reach and outlet coverage, coupled with impact led marketing and branding campaigns and premium pricing in flagship products. The share of new age business was 3.3% while liquid milk took 9.4% and value-added Products at 69.3% of total revenue. Skimmed Milk Powder was 18% Y-o-Y.

During the year under review, core categories of Ghee and Cheese have seen continuous traction throughout the year and have posted a growth of 43.5% Y-o-Y, led by volume growth of 21.5% YoY.

The protein portfolio consisting of the Premium Brand Avvatar, continued its momentum and recorded robust 123% growth Y-o-Y, led by 69% volume growth Y-o-Y.

The overall business growth was broad-based with all distribution channels contributing to performance.

E-commerce business has grown by ~2.2x on a Y-o-Y basis.

For FY 2022-23, the General Trade, Modern Retail and HORECA verticals posted a growth of 37% Y-o-Y, 42% Y-o-Y and 35% Y-o-Y respectively. The overall retail presence expanded by 30% Y-o-Y to reach 4.6 lacs retail touchpoints.

BRAND BUILDING INITIATIVES & MARKETING HIGHLIGHTS

GOWARDHAN: The Company has strengthened its brand equity reach by adopting unique content led impact marketing and branding activities. Some of the recent activities include association with the national show "**Kaun Banega Crorepati (KBC)**" – a campaign promising 100 Cr+ Eyeballs which enabled the Company to widen its reach in tier 2 and tier 3 cities through strong brand messaging '**Garv Se Gowardhan**'. Gowardhan had India's best Brand Integration.

GO CHEESE: Our Company also associated with **"SUPER SINGER"** for promotion of GO Cheese. There were Outdoor campaigns with 1000+ Sites on display; focusing on Pune, Ahmedabad, Udaipur Jaipur, Kolkata, Nagpur, Lucknow, Indore, Surat, Chandigarh, Jalandhar, Amritsar and Bhopal.

Retaining its core theme **"Make it amazing"** the brand Go Cheese has participated in one of the most popular show **"Anupama"**, enabling the Company to gain strong consumer connect.

AVVATAR: Parag Milk Foods is the only Indian Company to manufacture Whey Protein in India.

The Company undertook brand activation drive for its premium protein brand **"Avvatar"** in IHFF (International Health, Sports & Fitness) festival associating with the health and fitness icon – The Great Khali. The event had a massive footfall of 1 Lakh+ visitors garnering strong brand equity.

PRIDE OF COWS: Company associated & curated experiences with one of India's leading concerts (Singer-Arijit Singh) and Christmas activations (Hamleys).

The Company is providing consistent media support to all of its brands with investments of 80% of media spends in AIR and Building brands over new age influencers content strategy.

Our impact led marketing campaigns coupled with an aggressive distribution drive continue to strengthen our brand equity.

EXPANSION OF SUBSIDIARY

The Company is expanding its wholly owned subsidiary ("WOS") **"Bhagyalakshmi Dairy Farm Private Limited"** ("Wholly Owned Subsidiary" / "Bhagyalaxmi"), which supplies exclusively to our brand **"Pride of Cows"** and is expected to reach over 15,000 cows by FY 2026-27.

REVIEW OF OPERATIONS

Strong network and steady relationship with 5 lakh farmers and more than 300 Bulk Milk Coolers ("BMC") across India has helped our Company to stand strong in the fluctuating situations throughout the year including turmoil in the dairy industry due to exponential rise in export of butter, skimmed milk powder, lumpy cow disease and heavy monsoons. During the year our Plant procurement purchase increased by 20% from 14 lac liters a day to 18 lac liters a day. The Company is built on the backbone of a robust network comprising of 29 Depots, 300 Super Stockists, 3000+ Distributors and 4.6 Lakh Retail touch points.

The Company is optimizing its productivity to drive growth whereby:

- More than 70% of GT Business has been covered in sales force automation
- Leveraging vendors, re-negotiations, reverse auctions, office consolidation
- Depot & Cold Storage restructuring

- Beat planning in opportunity markets The aim of the Company is to reach 5 Lakh retail touch points by FY 2024-25 and 13-15 Lakh Touch Points by FY 2026-27. The expansion would be driven by:

- Increasing distribution dominance in < 1 lakh towns
- Building Depots and infrastructure across India
- Aggressive outlet expansion

There was no change in the nature of business of the Company.

BRAND BUILDING: STRATEGY

The Company's foremost strategic priority is to be one of the best performing, most trusted and respected dairy FMCG companies across stakeholders.

There are 5 Major Strategic Priorities of the Company as under:

1. Strengthening and accelerating core categories
2. Brand Building & Innovation
3. Evolving a route to market
4. Strengthening New Age business
5. Optimizing Productivity to drive growth

EXPORT MARKET

Parag Milk Foods Limited continues to enjoy a strong presence and brand recall of Go and Gowardhan brands across several geographies through its exports to UAE, Singapore, Mauritius, Oman, Kuwait, Saudi Arabia, Congo, Hong Kong, Philippines, Sri Lanka, Bangladesh, Maldives, USA, Thailand, Nepal, Bhutan etc.

Our export sales has contributed 1.09% to the overall revenues. Our products received good recognition in key markets of Middle East, South East Asia, Africa and Indian subcontinents.

PHILANTHROPIC ACTIVITIES

The Company has been efficacious in philanthropic activities for the community as a whole whereby even during the onset of the Second Wave of COVID-19 pandemic, the Company has continued to work on the following areas viz:

- Food & Water facilities – Providing three nutritious meals to Covid Patients and Hospital staff on daily basis
- Healthcare – Provided health kit to Corona Warriors on a consistent basis
- Education
- Animal Welfare
- Sanitation

In conjunction with State Government of Maharashtra, Company developed the JUMBO COVID hospital to provide necessary medical support for the local residents of Manchar.

DIVIDEND DISTRIBUTION POLICY

The Company has formulated Dividend Distribution Policy in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto for bringing transparency in the matter of declaration of dividend and for protecting the interest of investors.

Your Company intends to maintain similar or better levels of dividend payout in future. However, the actual dividend payout in each year will be based on the profits and investment opportunities of the Company.

The policy is available on the website of the Company at <https://www.paragmilkfoods.com/policy.php?id=52>

TRANSFER TO RESERVE

During the Financial Year 2022-23, there was no amount proposed to be transferred to the Reserves.

DIVIDEND

The Board of Directors at its meeting held on April 29, 2023, decided not to recommend dividend for the financial year ended March 31, 2023 in order to conserve the resources of the Company and for long term requirement of funds.

The dividend payout has always been in accordance with the Company's Dividend Distribution Policy which has been adopted in accordance with Regulation 43A of Listing Regulations as available on the website of the Company at www.paragmilkfoods.com and which also forms part of this Annual Report.

SHARE CAPITAL

During FY 2022-23, the Company's paid-up Equity Share Capital increased from ₹953.76 Million to ₹1,173.76 Million consequent to the allotment of 1,10,00,000 (One Crore Ten Lakh) Equity Shares of ₹10/- (Rupees Ten only) each fully paid-up on preferential basis to AG Dynamic Funds Limited (Investor) and 10,00,000/- (Ten Lakh) Equity Shares of ₹10/- (Rupees Ten only) each fully paid-up on preferential basis to Pivotal Business Managers LLP (Investor). Also, 20,00,000 Warrants of face value ₹10/- (Rupees Ten only) each were allotted to Ms. Akshali Shah belonging to Promoter and Promoter group entitling her for the subscription of equivalent number of equity shares of ₹10/- (Rupees Ten Only) each.

Further, during the year, the Company converted 1,00,00,000 Convertible Share Warrants into 1,00,00,000 equity shares of face value of ₹10/- (Rupees Ten only) each allotted to Promoter and Promoter group viz Mr. Devendra Prakash Shah and Mrs. Netra Pritam Shah.

As on March 31, 2023, Ms. Akshali Shah - Member of Promoter Group & Executive Director holds 20,00,000 Warrants convertible into 20,00,000 equity shares of face value of ₹10/- each.

MATERIAL CHANGES AFFECTING THE COMPANY

Some material changes and commitments affecting the financial position of the Company occurred between April 1, 2023 till the date of signing this report.

Mr. Pritam Shah, Managing Director of the Company was provided with added responsibility of the office of Interim Chief Financial Officer (CFO) w.e.f. April 29, 2023 and consequent to that Mr. Surendra Malaviya was released from the office of Interim CFO w.e.f. April 28, 2023. Currently, Mr. Pritam Shah bears dual responsibility as the Managing Director and Interim CFO of the Company.

The Company has over the years, advanced funds to M/s. Bhagyalaxmi Dairy Farms Pvt. Ltd. ('Wholly Owned Subsidiary' / 'Bhagyalaxmi') towards supply of materials to the Company. Out of the said advances, an amount of ₹300 Million was converted into short-term loan as on March 31, 2023 with a provision of interest @8.75% per annum, in order to utilize the said funds by the Wholly Owned Subsidiary for its working capital needs, expansion and general corporate purposes. The Company further, invested ₹419.6 Million including conversion of the said amount of short-term loan of ₹300 Million towards infusion in the equity shares of Face Value of ₹10/- per share of Bhagyalaxmi at later stage.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has one Wholly Owned Subsidiary as on March 31, 2023. There were no material changes in the nature of the business of the subsidiary. During FY 2022-23, no new subsidiary was incorporated / acquired. The Company does not have any associate company, nor has it entered into a joint venture with any other company.

Bhagyalaxmi Dairy Farms Private Limited:

Pursuant to the provisions of Section 129(3) of the Act a statement containing the salient features of financial statements of the Company's Subsidiary in Form No. AOC-1 is enclosed as **Annexure I** to this report.

Pursuant to Listing Regulations, the Company has formulated a policy for determining its 'material subsidiaries'. The said Policy is uploaded on the website of the Company at www.paragmilkfoods.com.

Performance highlights of the subsidiary is given below:

(₹ in Million)

Sr. No.	Particulars	FY 2022-23	FY 2021-22
1.	Total Revenue	902.83	808.46
2.	Profit/(Loss) before Interest, Tax and Depreciation	(106.17)	24.13
3.	Profit/(Loss) after Tax	(167.03)	(33.41)

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the provisions of Section 129 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Consolidated Financial Statements of the Company and its subsidiary have been prepared in the same form and manner as mandated by Schedule III to the Companies Act, 2013 and shall be laid before the forthcoming 31st Annual General Meeting ("AGM") of the Company.

The Audited Financial Statements of the Company and subsidiary are available on the website of the Company at www.paragmilkfoods.com. Further a copy of the Audited Financial Statements of the subsidiary shall be made available for inspection at the registered office of the Company during business hours on any working day upto the date of Annual General Meeting. As per Section 136 of the Companies Act, 2013, any shareholder interested in obtaining a copy of separate Financial Statements of the subsidiary shall make specific request in writing to the Company Secretary.

CREDIT RATING

The Company was given revised ratings twice during the FY 2022-23 by the Credit Rating Agency, ICRA Limited ("ICRA") in July and December 2022. Ratings were further revised by ICRA in May 2023.

In July 2022, ICRA revised and downgraded its rating assigned to the Company for the long-term Rating to [ICRA] BBB+ (Negative) from [ICRA] A (Stable) and for short-term Rating to [ICRA] A2 from [ICRA] A2+. In case of rating for Non-Convertible Debentures the rating was Long-term Rating of [ICRA] BBB+ (Negative) from [ICRA] A (Stable) due to the announcement of the Q4 FY 2021-22 results.

In December 2022, the ratings assigned to Company were revised and downgraded for the long-term Rating to [ICRA] BBB (Negative) from [ICRA] BBB+ (Negative) and for short-term Rating to [ICRA] A3+ from [ICRA] A2. In case of rating for Non-Convertible Debentures the rating was Long-term Rating of [ICRA] BBB (Negative) from [ICRA] BBB+ (Negative) due to the announcement of the Q2 FY 2022-23 results. The overall ratings were downgraded due to expectation that the financial profile/ performance of Company was likely to weaken owing to ongoing pressure on profitability margins and higher borrowing levels, leading to moderation in the Company's debt protection metrics.

Further, in May 2023, ICRA Limited had downgraded the credit rating for the credit facilities availed by the Company, for the Long-term Rating to [ICRA] BBB-(Negative) from [ICRA] BBB (Negative) and for Short-term Rating to [ICRA] A3 from [ICRA] A3+. In case of Non-Convertible Debentures, the rating was Long-term Rating of [ICRA] BBB-(Negative) from [ICRA] BBB (Negative) due to Q4 & FY 2022-23 Results.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment / Re-appointment of Directors:

On recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company,

approved the appointment of Ms. Akshali Shah (DIN: 06575079) as Executive Director at its meeting held on June 30, 2022 w.e.f. the date of shareholders' approval. Further, the Board at its meeting held on November 14, 2022 approved the appointment of Mr. Dnyanesh Darshane (DIN: 08515431) as an Independent Director of the Company w.e.f. the date of shareholders' approval. The Shareholders vide Postal Ballot process on December 25, 2022, approved appointments of Mr. Dnyanesh Darshane (DIN: 08515431) as Independent Director and Ms. Akshali Shah (DIN: 06575079) as Executive Director on the Board of the Company.

Mr. Devendra Shah - Chairman & Whole-time Director and Mr. Pritam Shah, Managing Director were re-appointed for a further period of 3 (three) years from April 1, 2023 to March 31, 2026. These re-appointments were approved by shareholders at the 30th AGM held on September 30, 2022 and the term of office of Mr. Devendra Shah - Chairman & Whole-time Director shall be liable to retire by rotation.

During the year, two Directors ceased to be associated with the Company viz, Mr. B. M. Vyas (Non-Executive Director) resigned from the Board w.e.f. June 29, 2022 due to old age health reasons. Also, Mr. Ramesh Chandak (Independent Director) resigned from the Board w.e.f. August 12, 2022 on account of personal commitment and other professional commitments which may lead to conflict of interest. It is further confirmed that there were no other material reason for the resignation other than those mentioned above.

Declarations by Independent Directors

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1) (b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV to the Act and Company's Code of Conduct for Directors and Senior Management Personnel. The Independent Directors of the Company have confirmed that they have registered their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

Further, the Board affirms the highest levels of integrity, expertise and experience of the Independent Directors appointed during the year.

KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to the provisions of Section 2(51) and Section 203 of the Act read with Rules framed thereunder, the following are the Key Managerial Personnel of the Company as on March 31, 2023:

1. Mr. Devendra Shah	- Chairman & Whole time Director
2. Mr. Pritam Shah	- Managing Director
3. Ms. Akshali Shah	- Executive Director
4. Mr. Virendra Varma	- Company Secretary (CS) & Compliance Officer
5. Mr. Surendra Malaviya	- Interim CFO

During the year, Mr. Surendra Malaviya was appointed as Interim Chief Financial Officer from June 30, 2022 subsequently upon the appointment of Mr. Krishnamurthy Suryanarayan as the Whole time Chief Financial Officer on October 18, 2022, Mr. Malaviya ceased to hold the office of Interim Chief Financial Officer. On November 13, 2022, Mr. Suryanarayan resigned from the post of Whole time CFO and Mr. Malaviya was re-appointed as the Interim Chief Financial Officer on November 13, 2022.

Ms. Rachana Sanganeria resigned from the post of Company Secretary & Compliance Officer w.e.f. September 30, 2022 and Mr. Virendra Varma was appointed as Company Secretary & Compliance Officer w.e.f. October 18, 2022.

Mr. Pritam Shah was provided with added responsibility of the office of Interim Chief Financial Officer and consequently his designation changed to Managing Director & Interim Chief Financial Officer w.e.f. April 29, 2023. Mr. Surendra Malaviya was released from the office of the Interim Chief Financial Officer w.e.f. April 28, 2023.

MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors of the Company met seven (7) times during the financial year. The details of composition of the Board and its Committees, their meetings held during the year under review and the attendance of the Directors/ Committee Members at the respective meetings are provided in the Corporate Governance Report section of this Annual Report.

During the year under review, the Board accepted all the recommendations made by the Audit Committee. The Board evaluates the recommendations made by Audit Committee and seeks further information as they may require. There were no instances where the Board has not accepted any recommendation of Audit Committee.

Committees of the Board

The Board of Directors has the following Committees as on March 31, 2023:

1. Audit Committee
2. Nomination and Remuneration Committee ("NRC");
3. Stakeholders' Relationship Committee ("SRC");
4. Corporate Social Responsibility Committee ("CSR");
5. Risk Management Committee ("RMC"); and
6. Finance Committee

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

BOARD EVALUATION

The Company believes in value for its shareholders through ethical processes & integrity. The purpose of Board feedback is to identify opportunities for enhancing the effectiveness of the Board as a whole. The Evaluation Policy and Criteria is duly approved by NRC. This process at the Company is conducted through structured questionnaires which covers various aspects of the Board's functioning prepared after circulating the draft forms, covering various aspects such as structure of the Board, qualifications, experience and competency of Directors, diversity in Board, effectiveness of the Board processes, among others.

Evaluation plays a very important role in ensuring that the Company's progress is monitored and timely inputs are given to enhance its performance and set the right direction for profitable growth fully complying with relevant regulatory requirements.

Pursuant to the provisions of the Act and Regulation 17(10) of Listing Regulations and as prescribed in the stated policy of the Board, the Board has carried out an annual performance evaluation of (i) the Directors (Independent and non-Independent); (ii) Board itself (as a whole); (iii) Committees and (iv) fulfillment of Independence criteria. The Board performance was evaluated based on inputs received from the Board members after considering criteria such as Board composition and structure, effectiveness of Board/ Committee processes and information provided to the Board etc.

The performance of the Executive Chairman was evaluated after seeking the inputs from all the Directors other than the Chairman on the basis of the criteria such as chairman competency, value addition, leadership qualities, ease of communication, risk handling & mitigation, stakeholder relationship, personal attributes etc.

In terms of the requirements of the Act, a separate meeting of the Independent Directors was also held during the year. The Independent Directors at their meeting held on March 28, 2023 reviewed the performance of the Chairman, Non-Independent Directors of the Company and overall performance of the Board and Committees as mandated by Schedule IV of the Act and Listing Regulations.

The evaluation exercise highlighted the key areas requiring improvisation in order to strengthen the performance and the effectiveness of the Board and Committee Meetings held by the Company.

Familiarisation Programme for Independent Directors

The Company already has an elaborate familiarization programme in place for effective induction of Independent directors. The Board acknowledged this and reiterated the importance of a rigorous execution of the induction process to ensure a smooth transfer and seamless integration of the new Board Members.

Pursuant to Regulation 25(7) and 46 of the SEBI Listing Regulations, the details of the familiarisation programme imparted to the Directors are explained in the Report on Corporate Governance and are also available on the Company's website i.e. www.paragmilkfoods.com under 'Investors' tab.

Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

The Board of Directors has formulated a Nomination and Remuneration Policy in terms of the provisions of sub-section (3) of Section 178 of the Act and Regulation 19 of the Listing Regulations dealing with appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

The policy covers criteria for determining qualifications, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel.

The Nomination & Remuneration Policy is available on the website of the Company and the web-link of the same is <https://www.paragmilkfoods.com/policy.php?id=38>

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3) (c) of the Companies Act, 2013, with respect to the Director's Responsibility Statements, your Directors make the following statements:

- a) that in the preparation of the annual financial statements for the Financial Year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that the Directors had 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 the Financial Year ended March 31, 2023;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the directors had prepared the annual financial statements for the Financial Year ended March 31, 2023 on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

At the AGM held on September 30, 2022, the Shareholders approved the 'Parag Milk Foods Limited - Employee Stock Option Plan 2022' ("ESOP 2022"/ "Plan") authorizing the Board and the NRC to create, issue and grant in one or more tranches subject to maximum 5,00,000 (Five Lakh) stock options to such persons working exclusively with the Company and its subsidiary.

The said 5,00,000 (Five Lakh) stock options shall be exercisable into not more than 5,00,000 (Five Lakh) equity shares ("Shares") of face value of ₹10/- (Rupees Ten) each fully paid-up, out of which 3,23,985 (Three Lacs Twenty-Three Thousand Nine Hundred Eighty-Five) Shares to be sourced from primary issue by the Trust from the Company and 1,76,015 (One Lac Seventy-Six Thousand Fifteen) Shares through the existing irrevocable employee welfare trust of the Company namely 'Parag Milk Foods Employees Stock Option Trust' ("Trust").

Details required to be provided under Section 62 of the Act and Rule 12(9) of Companies (Share Capital and Debenture Rules, 2014) and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2021 read with SEBI Circular dated June 16, 2015 are provided in **Annexure II**. The certificate issued by the Secretarial Auditors for the compliance under Regulation 13 of SEBI (Share Based Employee Benefits) Regulations, 2021 shall be placed before the Members at the 31st AGM.

Further, the Company at its 31st AGM shall place the amendments which were approved by the Board at its meetings held on April 29, 2023 and August 5, 2023 for shareholders' approval.

The details of the same are provided in the explanatory statement annexed with the notice of the 31st AGM. A brief of the proposed amendments/ approvals to be placed are as follows:

- to limit the maximum number of Options to be granted per employee and in aggregate in any year shall not exceed 1,00,000 stock options
- to transfer the unused 10,00,000 stock options under ESOP 2019 to ESOP 2022 i.e. 10,00,000 Options convertible into 10,00,000 Equity Shares having face value of ₹10/- each and to revise the total ESOP pool from existing 5,00,000 stock options to 25,00,000 stock options under the ESOP 2022
- grant of options to employees of the Company or its Subsidiary.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, in line with the size, scale and complexity of its operations. Audit Committee, comprises of professionally qualified Directors, who interact with the statutory auditors, internal auditors and management in dealing with matters.

Internal Financial Controls are an integrated part of the risk management process which in turn is a part of Corporate Governance addressing financial reporting risks. The Internal Financial Controls have been documented and embedded in the business processes. Your Company's approach on Corporate Governance has been detailed out in the Corporate Governance Report.

The Board reviews the internal processes, systems and the internal financial controls and accordingly, the Directors' Responsibility Statement contains a confirmation as regards to adequacy of the internal financial controls.

Assurances on the effectiveness of Internal Financial Controls are obtained through management reviews, self-assessment, continuous monitoring by departmental heads as well as testing of the internal financial control systems by the internal auditors during the course of their audits.

The Audit Committee and the Board are of the opinion that the Company has sound Internal Financial Control commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist during the financial year 2022-23.

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which forms part of the Annual Report.

RISK MANAGEMENT GOVERNANCE

The Board has an overall responsibility for governance of the Company's risk management. The Board approves the Company's risk policies and oversees management in the designing, implementation and monitoring of risk management systems. It also has the authority to approve any deviation in risk management policies or any breach of risk limits.

The Company has ensured the development and implementation of a risk management policy for identification of elements of various risks within and outside the organisation, if any, which in the opinion of the Board may threaten the existence of the Company and for the effective mitigation of risk.

The RMC constituted by the Board assists the Board in monitoring and reviewing the risk management for business operations, implementation of the risk management framework of the Company and such other functions as Board may deem fit.

The Risk Management framework, inter alia, includes identification of internal and external risks, including financial, operational, sectoral, information, cyber security, strategic or any other risk as may be determined by the Risk Management Committee and the measures for risk mitigation.

The detailed terms of reference and the composition of RMC are set out in the Corporate Governance Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a robust vigil mechanism in place in the form of Code of Conduct ("COC") which enables its stakeholders to report concerns about unethical or inappropriate behaviour, actual or suspected fraud, leak of unpublished price sensitive information, unfair or unethical actions or any other violation of the COC.

The Company has adopted a 'Whistle-Blower Policy' / 'Vigil Mechanism' for Directors and Employees. The vigil mechanism of the Company provides for adequate safeguards against victimization of directors, employees and third parties who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. The provisions of this policy are in line with the provisions of the Section 177 (9) of the Act and the SEBI Listing Regulations.

The Company did not receive any complaints from the employees regarding violation of Code of Conduct or other matters whatsoever.

The functioning process of this mechanism has been more elaborately mentioned in the Corporate Governance Report forming a part of this Annual Report. The Whistle Blower Policy has been uploaded on the Company's website and which can be accessed at <https://www.paragmilkfoods.com/policy.php?id=42>

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a Corporate Social Responsibility Committee and details of the composition are given separately as part of the Corporate Governance Report. The Company has undertaken the CSR activities in accordance with the CSR Policy of the Company adopted in accordance with Schedule VII of the Act. The Company's CSR Policy can be accessed on the Company's website at www.paragmilkfoods.com under 'Investors' tab.

The brief outline of the CSR Philosophy, CSR policy, salient features of and the initiatives undertaken by the Company on CSR activities during the year under review are set out in this report in the format prescribed under Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 and are annexed as **Annexure III** and forms an integral part of this Report.

RELATED PARTY TRANSACTIONS

During the year under review i.e. 2022-23, all Transactions that were entered into with the related parties were in ordinary course of business and at arms' length basis with prior Audit Committee approval. Therefore, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act w.r.t. contracts or arrangements with related parties under Section 188(1) in Form **AOC-2** is not applicable to the Company for the FY 2022-23 and hence, the same is not provided. There were no materially significant related party transactions entered into by the Company with the promoters, key management personnel or other designated persons that may have potential conflict with the interests of the Company at large.

The Audit Committee grants omnibus approval for the transactions that are in the ordinary course of business and repetitive in nature. For other transactions, the Company obtains specific approval of the Audit Committee before entering into any such transactions. All related party transactions are placed before the Audit Committee on a quarterly basis. The same are also placed before the Board for seeking their approval. Further, the Company has not entered into any transaction of a material nature with the Promoters, subsidiary of the Company, Directors, Key Managerial Personnel or their relatives etc. that may have potential conflict with the interests of the Company.

In line with the requirements of the Act and the Listing Regulations, the Company has formulated a Policy on Related Party Transactions and the same can be accessed on the Company's website i.e. www.paragmilkfoods.com 'Policies' tab under Investors Section.

PARTICULARS OF LOANS GRANTED, GUARANTEE PROVIDED AND INVESTMENTS MADE PURSUANT TO THE PROVISIONS OF SECTION 186 OF THE COMPANIES ACT, 2013

The loans given, investments made and guarantees given & securities provided during the year under review, are in compliance with the provisions of Section 186 of the Companies Act, 2013 and the Rules thereunder and the details are provided in the Notes to the Standalone Financial Statements, forming part of this Report.

BUY BACK

The Company has not bought back any of its securities during the Financial Year ended March 31, 2023.

DEPOSITS

There were no outstanding deposits within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014, as amended, at the end of the financial year 2022-23 or the previous financial year.

Your Company did not accept any deposits during financial year 2022-23.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("**POSH Act**") and the rules made there under, your Company has adopted a Policy (Prevention of Sexual Harassment Policy a.k.a "**POSH Policy**").

To build awareness in this area, the Company has been carrying out online Induction/ refresher programmes on a periodical basis. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. As per the requirement of the POSH Act and Rules made thereunder, the Company has constituted Internal Committees to redress complaints received

regarding sexual harassment. All employees are covered under this Policy and the Policy is gender neutral. Following is a summary of sexual harassment complaints received and disposed off during the year:

No. of complaints received	:	NIL
No. of complaints disposed off	:	NIL

During the FY 2022-23, the Company has not received any complaint on sexual harassment.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT, CORPORATE GOVERNANCE REPORT AND BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

In terms of Regulation 34 of SEBI Listing Regulations, a separate section on Management Discussion and Analysis, Business Responsibility & Sustainability Report and Corporate Governance Report together with a certificate from a Practicing Company Secretary confirming compliance with the Regulations relating to Corporate Governance of Listing Regulations are set out and form part of this Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTFLOW

Company continues its efforts to reduce and optimize the energy consumption at its manufacturing facilities/offices all over India. Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in the prescribed format and is enclosed as **Annexure IV**.

ANNUAL RETURN

A copy of the annual return as provided under section 92(3) of the Act, in the prescribed form, which will be filed with the Registrar of Companies ("ROC")/ Ministry of Corporate Affairs ("MCA"), is hosted on the Company's website and it can be accessed under 'Annual and Compliance Report' Tab at <https://www.paragmilkfoods.com/investors.php>.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The ratio of remuneration of each Director to the median employees' remuneration as per Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended is disclosed in "**Annexure V**" to this report.

In terms of the provisions of Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. In terms of

Section 136 of the Act, this report is being sent to the Members and others entitled thereto, excluding the aforesaid annexure. Any Member desirous of obtaining a copy of the said annexure may write to the Company Secretary or email to investors@parag.com.

Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing details prescribed under rule 5(3) of the said rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act.

SIGNIFICANT / MATERIAL ORDERS PASSED BY THE REGULATORS

There were no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review and in terms of Section 118(10) of the Act, the Company has complied with Secretarial Standards on meetings of the Board of Directors ("SS-1") and on General Meetings ("SS-2") as amended and issued from time to time by The Institute of Company Secretaries of India.

AUDITORS

• STATUTORY AUDITORS

At the 28th AGM held on September 29, 2020, the Members approved appointment of M/s. Sharp & Tannan, Chartered Accountants, Mumbai (Firm Registration No.109982W), as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of the 28th AGM till the conclusion of the 33rd AGM.

As required under Regulation 33(1)(d) of Listing Regulations, M/s. Sharp & Tannan, have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Statutory Auditors have confirmed they are not disqualified from continuing as auditors of the Company.

The Auditor's Report for the financial year ended March 31, 2023 on the financial statements of the Company forms part of the Annual Report. The said report was issued by the Statutory Auditor with an unmodified opinion and does not contain any qualification, reservation, adverse remark or disclaimer. During the year under review, the Auditors have not reported any fraud under Section 143(12) of the Act and therefore no details are required to be disclosed under Section 134(3)(ca) of the Act.

• INTERNAL AUDITORS

Pursuant to provisions of Section 138 of the Companies Act, 2013 and the rules made thereunder, on the recommendation of the Audit Committee the Board of Directors have appointed M/s. Grant Thornton India, Chartered Accountants, as Internal Auditors of the Company for the Financial Year 2022-23. Further, The Board at its meeting held on August 5, 2023 approved the appointment of M/s. Deloitte Touche Tohmatsu India LLP as Internal Auditors of the Company for FY 2023-24 and FY 2024-25.

At the beginning of each Financial Year, an audit plan is rolled out after approval of the Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems in the Company and compliance thereof with the same as well as robustness of internal processes, policies and accounting procedures and compliance with laws and regulations. Based on the reports of internal auditor the functional heads undertake corrective action in their respective areas.

• COST AUDITORS

As per the requirements of the Section 148 of the Act read with Rule 14 of the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, the cost records are required to be audited by a qualified Cost Accountant.

Further, it is hereby confirmed that the Company has maintained the cost records under Section 148 of Companies Act, 2013 and accordingly such accounts & records are prepared & maintained by the Company.

The Board of Directors, upon the recommendation of the Audit Committee, has re-appointed M/s. Harshad Deshpande & Associates, Cost Accountants, Pune (Firm Registration Number: 00378) to conduct audit of the cost records of the Company for the FY 2023-24. Accordingly, the Board of Directors recommends to the Members and the resolution seeking approval of the members for ratifying the remuneration payable to the Cost Auditors for FY 2023-24 is provided in the Notice of the ensuing Annual General Meeting.

During FY 2022-23, the Company has filed the Cost Audit Report for the FY 2021-22 with the Ministry of Corporate Affairs on August 17, 2022. The Cost Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer and no frauds were reported by the Cost Auditors to the Company under sub-section (12) of Section 143 of the Act. Therefore, no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

• SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. N. L. Bhatia & Associates, Practicing Company Secretaries (UIN: P1996MH055800), as the Secretarial Auditor of the Company to conduct audit of the secretarial records of the Company for the financial year ending March 31, 2024. The Company has received consent from Mr. Bhaskar Upadhyay to act as such.

The Secretarial Audit Report for FY 2022-23 in Form MR-3 is annexed as "Annexure VI" to this Report.

The said Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks and no frauds were reported by the Secretarial Auditors to the Company under sub-section (12) of Section 143 of the Act therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act. However, the Secretarial Auditors had specified in their audit report that there was a delay in filing the Financial Results for FY 2021-22 whereby Company had paid fine of ₹0.155 Million to each Stock Exchange. The response of the Directors was that the Company had made an application for waiver of penalty with the Stock Exchange and the response was still awaited.

COMPARISON OF SHAREHOLDING DATA AS AT THE END OF FY 2022-23 AND PREVIOUS FY 2021-22

The comparison of Category wise shareholding of the Company at the end of FY 2022-23 and FY 2021-22 is given below for reference of shareholders:

CATE- GORY CODE	CATEGORY OF SHAREHOLDER	AS ON MARCH 31, 2023		AS ON MARCH 31, 2022		% CHANGE DURING YEAR
		TOTAL NO OF SHARES HELD	% OF TOTAL SHARES	TOTAL NO OF SHARES HELD	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
(A)	PROMOTER AND PROMOTER GROUP					
(1)	INDIAN					
(a)	Individual /HUF	48861435	41.63	38861435	40.75	0.88
(b)	Central Government/State Government(s)	0	0.00	0	0.00	-
(c)	Bodies Corporate	0	0.00	0	0.00	-
(d)	Financial Institutions / Banks	0	0.00	0	0.00	-
(e)	Others	0	0.00	0	0.00	-
	Sub-Total A(1) :	48861435	41.63	38861435	40.75	0.88
(2)	FOREIGN					
(a)	Individuals (NRIs/Foreign Individuals)	0	0.00	0	0.00	-
(b)	Bodies Corporate	0	0.00	0	0.00	-
(c)	Institutions	0	0.00	0	0.00	-
(d)	Qualified Foreign Investor	0	0.00	0	0.00	-
(e)	Others	0	0.00	0	0.00	-
	Sub-Total A(2) :	0	0.00	0	0.00	-
	Total A=A(1)+A(2)	48861435	41.63	38861435	40.75	0.88
(B)	PUBLIC SHAREHOLDING					
(1)	INSTITUTIONS					
(a)	Mutual Funds /UTI/ AIFs	4504503	3.84	4511363	4.73	(0.89)
(b)	Financial Institutions /Banks	0	0.00	0	0.00	-

CATE- GORY CODE	CATEGORY OF SHAREHOLDER	AS ON MARCH 31, 2023		AS ON MARCH 31, 2022		% CHANGE DURING YEAR
		TOTAL NO OF SHARES HELD	% OF TOTAL SHARES	TOTAL NO OF SHARES HELD	% OF TOTAL SHARES	
(c)	Central Government / State Government(s)	0	0.00	0	0.00	-
(d)	Venture Capital Funds	0	0.00	3133534	3.29	(3.29)
(e)	NBFC Registered with RBI	185250	0.16	500	-	0.16
(f)	Foreign Institutional Investors	12007842	10.23	4260655	4.47	5.76
(g)	Foreign Venture Capital Investors	0	0.00	0	0.00	-
(h)	Qualified Foreign Investor	0	0.00	0	0.00	-
(i)	Others	0	0.00	0	0.00	-
	Sub-Total B(1) :	16697595	14.23	11906052	12.49	1.74
(2)	NON-INSTITUTIONS					
(a)	Bodies Corporate	12968039	11.05	6997454	7.34	3.71
(b)	Foreign Corporate Bodies	6756756	5.76	6756756	7.08	(1.32)
(c)	Individuals					
	(i) Individuals holding nominal share capital upto Rs.2 lakh	17924289	15.27	17686427	18.54	(3.27)
	(ii) Individuals holding nominal share capital in excess of ₹2 lakh	9275634	7.90	11053267	11.59	(3.69)
(c)	Others					
	Clearing members	2051683	1.75	456061	0.48	1.27
	Non Resident Indians	1037740	0.88	1161747	1.22	(0.34)
	Non Resident Indians Non-Repatriation	263591	0.22	319627	0.34	(0.12)
	Trusts	1000	0.00	1000	0.00	-
	HUF	1362064	1.16	-	-	1.16
(d)	Qualified Foreign Investor	0	0.00	0	0.00	-
	Sub-Total B(2) :	51640796	43.99	44432339	46.58	(2.59)
	Total B=B(1)+B(2) :	68338391	58.22	56338391	59.07	(0.85)
(c)	NON PROMOTER NON PUBLIC					
	Employee Benefit Trust	176015	0.15	176015	0.18	(0.03)
	Sub-Total C :	176015	0.15	176015	0.18	(0.03)
	Total (A+B+C) :	117375841	100.00	95375841	100	-
	GRAND TOTAL (A+B+C) :	117375841	100.00	95375841	100	-

CHANGE IN THE SHAREHOLDING OF TOP TEN EQUITY SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2023:

Shareholders	As on March 31, 2023		As on March 31, 2022		
	Total Shares	% Of Holding	Total Shares	% Of Holding	% Change
1 Devendra Prakash Shah	20206400	17.22	15206400	15.94	1.28
2 Netra Pritam Shah	13867027	11.81	8867027	9.30	2.51
3 Pritam Prakash Shah	9159888	7.80	9159888	9.60	(1.8)
4 AG Dynamic Funds Limited	7392250	6.30	-	-	6.30
5 International Finance Corporation	6756756	5.76	6756756	7.08	(1.32)
6 Poojan Devendra Shah	3295000	2.80	3295000	3.45	(0.65)
7 Sixth Sense India Opportunities III	2702702	2.30	2702702	2.83	(0.53)
8 IDFC Trustee Co. Ltd A/C IDFC Infrastructure Fund	2416569	2.06	3133534	3.29	(1.23)
9 India Insight Value Fund	2265000	1.93	2328000	2.44	(0.51)
10 Priti Devendra Shah	2222820	1.89	2222820	2.33	(0.44)

ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of appreciation for the committed services by your Company's employees. Your Directors acknowledge with gratitude, the encouragement and support extended by our valued shareholder

Your directors place on record their appreciation for the support and co-operation the Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partner. The Company looks upon them as partners in its progress and has shared with them the rewards of growth.

The Board of Directors also take this opportunity to thank all farmers, consumers, employees, Shareholders, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

For **Parag Milk Foods Limited**

sd/-

Devendra Shah
Chairman
(DIN: 01127319)

Place: Mumbai

Date: August 5, 2023

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 as per the Companies Act, 2013 for the financial year ended March 31, 2023

(Amount in ₹ Million)

1 Name of the Subsidiary	Bhagyalaxmi Dairy Farms Private Limited
2 The date since when subsidiary was acquired	December 2, 2003
3 Reporting period for the subsidiary – concerned, if different from the holding company's reporting period	April 1, 2022 to March 31, 2023
4 Reporting Currency and Exchange rate as on the last date of the relevant – Financial year in the case of foreign subsidiaries	Indian Rupees
5 Share Capital (₹)	57.85
6 Reserves & Surplus	447.68
7 Total Assets	1,890.40
8 Total Liabilities	1,384.87
9 Investments	0.00
10 Turnover (total revenue including other income)	902.83
11 Profit / (Loss) before Taxation	(175.91)
12 Tax Expense / (Benefit)	(8.88)
13 Profit / (Loss) after Taxation	(167.03)
14 Other Comprehensive Income	0.54
15 Total Comprehensive Income	(166.49)
16 Proposed Dividend	Nil
17 % of shareholding	100.00%

NOTE:

- The Company does not have any Associate/ Joint Venture Company.

For and on behalf of the Board of Director

Place: Mumbai
Date: August 5, 2023

Devendra Shah
Chairman
(DIN: 01127319)

Pritam Shah
Managing Director
(DIN: 01127247)

Annexure II

Details of Employee Stock Option Scheme under Section 62 of the Companies Act, 2013 read with rule 12(9) of Companies (Share Capital and Debenture) Rules, 2014 and Regulation 14 Part F of Schedule – I of Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2021

All the relevant details of the Company's Employee Stock Option Plan are provided below and are also available on website of the Company and it can be accessed under 'Annual and Compliance Report' Tab <https://www.paragmilkfoods.com/investors.php>.

A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 (18 of 2013) including the 'Guidance note on accounting for employee share-based payments' issued in that regard from time to time:

Refer Note No.45 forming part of the Standalone Financial Statements and Note No. 50 of the Consolidated Financial Statements. Please note that the said disclosure is provided in accordance with Indian Accounting Standards (Ind AS) 102 – Share Based Payments.

B. Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 – Earnings Per Share' issued by Central Government or any other relevant accounting standards as issued from time to time:

Refer Note No. 43 forming part of the Standalone Financial Statements and Note No. 47 of the Consolidated Financial Statements. Please note that the said disclosure is provided in accordance with Indian Accounting Standards (Ind AS) 33 – Earnings per share.

C. Details related to ESOS

- (i) A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including –

Sr. No.	Particulars	ESOS 2015	ESOS 2019	ESOP 2022
a)	Date of shareholders' approval	May 16, 2015	September 30, 2019	September 30, 2022
b)	Total number of options approved under ESOS	696339 options convertible into 6,96,339 shares of face value ₹10/- each	10,00,000 options convertible into 10,00,000 shares of face value of ₹10/-each	5,00,000 stock options convertible into 5,00,000 shares of face value ₹10/- each
c)	Vesting requirements	Options would vest not less than 1 year and not more than 3 years from the date of grant of options	Stock Options would vest not earlier than minimum Vesting Period of 1 year and not later than maximum Vesting Period of 5 years from the date of grant of such Stock Options	Stock Options would vest not earlier than minimum Vesting Period of 1 year and not later than maximum Vesting Period of 5 years from the date of grant of such Stock Options
d)	Exercise price or pricing formula	The exercise price shall be equal to the fair market value of the shares of the Company on the date of the grant	The Exercise Price per Option shall be not less than face value of Shares and shall be as decided by the Nomination and Remuneration Committee in accordance with the SEBI SBEB Regulations	The Exercise Price shall be the closing Market Price of the Share prior to date of Grant of Stock Options. However, the Exercise Price shall not be less than Face Value of Share of the Company
e)	Maximum term of options granted	Can be exercised within a period of 3 Years from the date of vesting or such other period as may be decided by the Board from time to time; subject to the exercise window, if any provided by the management	The Exercise Period shall be 5 years from the date of grant of Options	The Vested ESOP shall be exercised by the Grantee within the maximum exercise period of 5 years from the date of last vesting of Stock Options, or such other shorter period as may be prescribed by the Committee at time of Grant and as set out in the letter of Grant
f)	Source of shares (primary, secondary or combination)	Primary	Primary	Primary

g)	Variation in terms of options	As on March 31, 2022, the 'Parag Milk Foods Employees Stock Option Trust' ("Trust") held 1,76,015 equity shares of face value of ₹10/- each fully paid-up which were earmarked for the purposes of ESOS 2015. Such shares were not backed by grants under ESOS 2015. Therefore, the Company had decided to utilise such Shares under the ESOP 2022. Upon such amendment in ESOS 2015, the option pool thereunder reduced from 176,015 to 0	Not applicable during FY	The Members at their meeting held on September 30, 2022 approved the following variations:- Total 5,00,000 shares shall be available under ESOP 2022, out of which 3,23,985 Shares shall be sourced from primary issue to the Trust from the Company and 176,015 Shares through the existing irrevocable employee welfare Trust of the Company consequently the ESOP 2015 has been discontinued
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(ii)	Method used to account for ESOS	Fair Value	Fair Value	Fair Value
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the company.	Not Applicable during the FY	Not Applicable during the FY	Not Applicable during the FY

(iv) Option movement during the year (For each ESOS):

Particulars	ESOS 2015	ESOS 2019	ESOP 2022
Number of options outstanding at the beginning of the period	Nil	Nil	Nil
Number of options granted during the year	Nil	Nil	Nil
Number of options forfeited / lapsed during the year	Nil	Nil	Nil
Number of options vested during the year	Nil	Nil	Nil
Number of options exercised during the year	Nil	Nil	Nil
Number of shares arising as a result of exercise of options	Nil	Nil	Nil
Money realized by exercise of options (₹), if scheme is implemented directly by the company	Nil	Nil	Nil
Loan repaid by the Trust during the year from exercise price received	Nil	Nil	Nil
Number of options outstanding at the end of the year	Nil	Nil	Nil
Number of options exercisable at the end of the year	Nil	Nil	Nil

(v) Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock - Not Applicable for any of the schemes during the FY.

(vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to - Not Applicable for any of the schemes during the FY.

(a) senior managerial personnel as defined under Regulation 16(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and

- (c) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information: Not applicable for any schemes during FY.

- (a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;
- (b) the method used and the assumptions made to incorporate the effects of expected early exercise;
- (c) how expected volatility was determined, including an explanation

(i) General information on all schemes

Sr. No.	Particulars	Details
1.	Name of the Trust	Parag Milk Foods Employees Stock Option Trust
2.	Details of the Trustee(s)	Mr. Sachin Rasiklal Shah – Trustee Mr. Sanjay Nakra – Trustee Mr. Sanjay Mishra – Trustee Mr. Arvind Desai – Trustee
3.	Amount of loan disbursed by company / any company in the group, during the year	Nil
4.	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	Nil
5.	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
6.	Any other contribution made to the Trust during the year	Nil

(ii) Brief details of transactions in shares by the Trust:

- (a) Number of shares held at the beginning of the year: 1,76,015 (One Lac Seventy-Six Thousand Fifteen) Shares
- (b) Number of shares acquired during the year through
- (i) primary issuance: Nil
- (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share: Not applicable
- (c) Number of shares transferred to the employees / sold along with the purpose thereof: Nil
- (d) Number of shares held at the end of the year: 1,76,015 (One Lac Seventy-Six Thousand Fifteen) Shares

(iii) In case of secondary acquisition of shares by the Trust: Not applicable

of the extent to which expected volatility was based on historical volatility; and

- (d) whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition.

Disclosures in respect of grants made in three years prior to IPO under each ESOS

Until all options granted in the three years prior to the IPO have been exercised or have lapsed, disclosures of the information specified above in respect of such options shall also be made.
– Not applicable for any schemes during FY.

D. Details related to Trust

The following details, inter alia, in connection with transactions made by the Trust meant for the purpose of administering the schemes under the regulations are to be disclosed:

For **Parag Milk Foods Limited**

Sd/-

Devendra Shah
Chairman
(DIN: 01127319)

Place: Mumbai
Date: August 5, 2023

Corporate Social Responsibility Activities

[Pursuant to Section 135 of the Companies Act, 2013 and as per Rule 8(1) of Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company

Parag Milk Foods Limited ("the Company") has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The Company shall take up activities mentioned in its policy as and when fruitful opportunity exists.

The Board of Directors at its meeting held on June 12, 2021 approved the alteration and amendment of the CSR Policy pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Rule 5 of Companies (Corporate Social Responsibility Policy) Rules, 2014, (as amended).

In line with the guidelines given under Schedule VII of the Companies Act, 2013, the CSR Committee has identified activities primarily in four major areas viz Affordable Housing, COVID Expenditure, Primary Education and Animal Welfare, around which your Company focuses its CSR initiatives and channelizing the resources in a sustained manner.

The Company actively contributes to the social and economic development of the communities in which it operates. The Company's Corporate Social Responsibility policy encompasses formulation, implementation, monitoring, evaluation, documentation and reporting of CSR activities taken up by the Company.

Through its social investments, the Company addresses various needs of communities residing in the vicinity of its facilities and plants by taking sustainable initiatives in the areas of health, education, animal welfare, infrastructure and community development, and response to natural calamities and pandemics.

The four pillars of CSR are as follows:

- a) **Sustainability** - To ensure that the long-term business goals are aligned with sustainable development without compromising on economic, environmental and social factor.
- b) **Gender Diversity** - To have a high performing inclusive work culture and commitment to attract and retain capable talent maintaining gender sensitivity and healthy balance.
- c) **Employee Volunteering** - To reach out to all employees and drive the volunteering programs of the Company through collective social responsibility and strong individual commitment.
- d) **Community Outreach Programs** - To ensure the communities where the company operates should also benefit equally.

2. Composition of CSR Committee

Sr. No.	Name of Director / Member	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the tenure	Number of meetings of CSR Committee attended during the tenure
1.	Ms. Radhika Dudhat*	Chairperson - Non-Executive - Independent Director	1	1
2.	Mr. Devendra Shah	Member - Executive Director	1	1
3.	Mr. Narendra Ambwani	Member - Independent Director	1	1
4.	Ms. Akshali Shah^	Member - Executive Director	Nil	Not Applicable

*After cessation of Mr. B. M. Vyas as Chairman of CSR Committee, Ms. Dudhat was appointed as Chairperson on June 30, 2022

^Ms. Akshali Shah was appointed as member of the CSR Committee on January 24, 2023.

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:

CSR Committee: <https://www.paragmilkfoods.com/investors.php> under "Board Committee" tab in "Corporate Governance" section.

CSR Policy: https://www.paragmilkfoods.com/pdfs/Parag_Milk_Foods_Ltd-Revised_Policy_on_Corporate_Social_Responsibility.pdf

CSR Projects: <https://www.paragmilkfoods.com/policy.php?id=61>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

- 5.** a) Average net profit of the company as per sub-section (5) of section 135: ₹(993.3) Million

- b) Two percent of average net profit of the company as per sub-section (5) of section 135: ₹(19.87) Million
- c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil
- d) Amount required to be set-off for the financial year, if any: Nil
- e) Total CSR obligation for the financial year [(b)+(c)-(d)]: Nil

- 6.** (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹8.387 Million
- (b) Amount spent in Administrative overheads: Nil
- (c) Amount spent on Impact Assessment, if applicable: Nil
- (e) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹8.387 Million
- (f) CSR amount unspent for the Financial Year: Nil

Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹ Million)	Mode of implementation – Direct (Yes/No)	Mode of implementation –Through implementing agency	
				State	District			Name	CSR registration Number
1.	Neem Project	Promoting Education	Yes	Maharashtra	Manchar	1.744	No	TeamLease Education Foundation	CSR00009471
2.	Contribution to Poona Panjarapole	Animal Welfare, Protection of Flora & Fauna	Yes	Maharashtra	Manchar	1.444	No	Poona District Panjarapol	CSR00024691
3.	COVID-19 Expenses – Jumbo Hospital	COVID – 19 Expense	Yes	Maharashtra	Manchar	2.499	Yes	NA	NA
4.	Integrated Renewable & Sustainable Energy Scheme	Providing household level biogas plant to farmers (Irisoil Agro Tech Pvt. Ltd.)	Yes	Maharashtra	Manchar	2.700	Yes	Irisoil Agro Tech Pvt Ltd	NA
Total						8.387			

(f) Excess amount for set-off, if any: ₹8.387 in Million

Sr. No	Particular	Amount (in ₹ in Million)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	(19.87)
(ii)	Total amount spent for the Financial Year	8.387
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	8.387
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any.	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	8.387

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1.	2021-22	-	-	-	-	-	-	-
2.	2020-21	-	-	-	-	-	-	-
3.	2019-20	-	10.78 in Million	-	-	-	10.96 in Million	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: Not Applicable

For and on behalf of the Board of Directors
of Parag Milk Foods Limited

sd/-
Devendra Shah
Chairman of the Company
(DIN: 01127319)

sd/-
Radhika Dudhat
Chairperson of CSR Committee
(DIN: 00016712)

Place: Mumbai
Date: August 5, 2023

ANNEXURE – IV

Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo

[Section 134(3)(m) of the Companies Act, 2013 Read with Rule 8 (3) of the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY

Company is engaged in processing of milk and manufacturing of Milk products. Total consumption during the financial year 2022-23 is given in the form as below.

Sr. No.	Power and Fuel Consumption	Total Units
1	Electricity Consumption (Total No. of Units)	43227732
2	Own Generator through T.G. Set (Units)	1855280
3	D.G. Unit	629599
4	Diesel / SKO consumed (LTR)	214150
5	Furnace Oil Consumed (LTR)	409916
6	Coal (kg)	38840525

B. STEPS TAKEN DURING THE YEAR FOR ENERGY CONSERVATION

During the Financial Year 2022-23 the following steps were under taken by the Company at its primary plants at Manchar and Palamaner which resulted in saving in energy consumption:

- 1) Turbine synchronization with the grid has been done to avoid steam venting.
- 2) APFC panel fitted to maintain power factor.
- 3) 500 TR cooling Tower has been Installed to Improve Refrigeration Efficiency.
- 4) VFD has been installed for Supply & Exhaust Fan in Powder Plant No-2.
- 5) Automation of Manchar Powder Plant No 2 has been completed.
- 6) 5 HP Condensate pump of Powder Plant No 2 was removed & Interconnected with PP-3 Pump.
- 7) PP-1 Radiator Steam Path has been changed to Reduce steam condensate temp by 50 Degree Celcius.
- 8) Installed Capacitor panel in the Evaporation section to improve Power Factor from 0.82 to 0.99 thereby reducing 20 to 30 units/day load.
- 9) Installed air blower in the RO plant to reduce the blowdown time and save water 1.4 kl per operation and operation time from 27 min to 12 min.
- 10) Used wood briquettes 3-3.6 tons/day (Renewable) by replacing 10% of Coal.
- 11) Installed recovery line for Condensate water thereby reduce 100kl Soft water consumption per day.
- 12) Modified dryer heater thereby reducing coal consumption per hour.

C. RESEARCH AND DEVELOPMENT (R&D)

Our Research & Development team works continuously in developing new products as well as improvement of processes.

During the year, the team has developed "Pride of Cows" - Table Butter, Whole-Milk Powder, Junket, and Delce De Leche with unique packaging. Under the brand Avvatar, our team has also introduced Go Protein Powder and several other different flavours of whey based powders.

Under Cheese category, the team has developed Port Salute, Fresh Mozzarella, Baccanchini and Wheel Cheeses. Our innovative R&D Team continues to explore newer segment under varied category of milk products.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

Following are the details of the foreign exchange earned and used during the Financial Year 2022-23
(₹ In Millions)

Particulars	2022-23	2021-22
Foreign exchange earned	306.29	290.75
Foreign exchange used	58.94	232.39

E. TECHNOLOGY ABSORPTION

1. Automation in the powder plant to improve throughout and efficiency in terms of energy consumption and product quality.
2. Synchronization of a 1.3 MW turbine with the grid power for smooth operation and prevention of steam loss in turbine operation.
3. Expansion of the lab with new technology for advanced testing of raw and finished products.
4. Replacement of conventional oil-based air compressors with a water-based compressor for food safety.
5. Replacement of Freon gas with eco-friendly refrigeration gas using advanced technology refrigeration systems.
6. Automation of high energy consumption equipment to reduce energy consumption.

ANNEXURE –V

Disclosure in Board's Report as per 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

Sr. No.	Disclosure Requirement	Disclosure Details			No. of ESOPs granted during FY 2022-23	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23	Name of the Directors	Category	Ratio (In x times)		
		Mr. Devendra Shah	Executive Chairman- Whole time Director	86.55	N. A.	
		Mr. Pritam Shah	Managing Director	86.55	N. A.	
		Ms. Akshali Shah	Executive Director	18.69	N. A.	
		Mr. Dnyanesh Darshane	Independent Director	-	-	
		Mr. Narendra Ambwani	Independent Director	-	-	
		Mr. Nitin Dhavalikar	Independent Director	-	-	
		Ms. Radhika Dudhat	Independent Director	-	-	
		Mr. Nikhil Vora	Non-Executive Director	-	-	
		a. The median remuneration of all the employees of the Company was ₹23,107/- per month				
		b. For this purpose, Sitting Fees paid to the Directors has not been considered as remuneration.				
c. Figures have been rounded off wherever necessary.						
2.	The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2022-23.	Name of the Directors	Category	% Increase in remuneration		
		Mr. Devendra Shah	Executive Chairman- Whole Time Director	NIL		
		Mr. Pritam Shah	Managing Director	NIL		
		Ms. Akshali Shah	Executive Director	N.A.		
		Mr. Surendra Malaviya	Interim Chief Financial Officer	N.A.		
		Mr. Virendra Varma	Company Secretary & Compliance Officer	N.A.		
3.	The percentage increase/decrease in the median remuneration of employees in the financial year 2022-23	The median percentage increase in the median remuneration of employees in the financial year 2022-23 is 9.40%.				
4.	Number of permanent employees on the rolls of the Company	There were 1,716 permanent employees of Parag Milk Foods Limited as on March 31, 2023.				
5.	The average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	For the employees other than managerial personnel who were in employment in FY 2022-23, the average increase is 9.40%. Average Increase/Decrease in managerial remuneration is Nil/ Not Applicable as described above.				
6.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	Yes, it is confirmed.				

Note: % Increase in remuneration is not applicable to Ms. Akshali Shah, Mr. Virendra Varma and Mr. Surendra Malaviya as their appointment was made during the FY 2022-23.

Annexure- VI

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[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,

Parag Milk Foods Limited

Flat No.1, Plot No.19, Nav Rajasthan Soc.,
Behind Ratna Memorial Hospital, S.B. Road,
Shivaji Nagar Pune – 411016.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Parag Milk Foods Limited (hereinafter called "**the Company**"). Secretarial Audit was conducted in conformity with the auditing standards issued by the Institute of Company Secretaries of India ("the Auditing Standards") and the processes and practices followed during the conduct of Audit are aligned with the Auditing Standards to provide us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our 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, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 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, 2018 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 ("FEMA") and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021;
 - d. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015;
 - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

Amongst the various laws which are applicable to the Company, the laws which are specifically applicable to the Company are annexed to this report as Annexure A.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).
- ii. MCA Notification holding Meetings through VC / OVAM.

During the period under review, the Company has complied with the provisions of the various Act, Rules, Regulations, Guidelines, Standards, etc. **except** delay in filing of the financial results for the financial year ended on March 31, 2022 under Regulation 33 of SEBI (LODR) Regulations, 2015 for which the Company had received show cause notice from BSE Limited and NSE Limited imposing fine of ₹0.155 Million by each of the Stock Exchanges. The Company has duly replied to such show-cause notice and had paid the fine and made an application for waiver of the same.

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

Adequate notice is given to all directors to schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent adequately in advance of the meetings, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes where applicable.

All the decisions have been taken unanimously and no dissent recorded in Board Meetings.

We further report that, during the audit period, the Members at the Extra- Ordinary General Meeting held on August 10, 2022 approved the following special resolutions:

- Issuance and allotment of 12,000,000 equity shares at a price of ₹93.75/- (including a premium of ₹83.75/-) per share on a preferential basis to investors.
- Issuance of 20,00,000 convertible share warrants convertible into equity shares of face value of ₹10/- (Rupees Ten only) each, fully paid up, on a preferential basis to Ms. Akshali Shah, member of promoter group, at a price of ₹93.75/- (including premium of ₹83.75/-) per share warrant.

We further report that, during the audit period, the Members at the Annual General Meeting held on September 30, 2022 approved the following by passing special resolutions:

- Re-appointment of Mr. Devendra Shah (DIN: 01127319) as Whole-Time Director of the Company for a further term of 3 years w.e.f. April 01, 2023 to March 31, 2026.
- Re-appointment of Mr. Pritam Shah (DIN: 01127247) as Managing Director of the Company for a further term of 3 years w.e.f. April 01, 2023 to March 31, 2026.
- Maintaining the Registers and Indexes of Members and copies of Annual return at a place other than the registered office of the Company.
- Implementation of 'Parag Milk Foods Limited – Employee Stock Option Scheme 2022' ("ESOP 2022"/"Parag ESOS 2022").
- Grant of stock options to the Employees of the subsidiary Company of the Company under 'Parag Milk Foods Limited – Employee Stock Option Plan 2022'.

- Provision of money by the Company for subscription / acquisition of its own shares by the Trust under the 'Parag Milk Foods Limited – Employee Stock Option Plan 2022'.
- Amendments in the 'Parag Milk Foods Limited – Employee Stock Option Scheme 2015 (ESOS 2015)'.

We further report that, during the audit period, the Board in its meetings held on:

- June 30, 2022, appointed Mr. Surendra Malaviya as Interim CFO of the Company;
- October 18, 2022, appointed Mr. Krishnamurthy Suryanarayan as CFO of the Company and Mr. Virendra Varma as Company Secretary and Compliance Officer of the Company, consequent to the resignation of Mr. Rachana Sanganneria on September 30, 2022.

We further report that, during the audit period, Mr. Krishnamurthy Suryanarayan ceased to be the CFO of the Company on November 13, 2022 and Mr. Surendra Malaviya was appointed as interim CFO of the Company on November 14, 2022.

We further report that, during the audit period, Mr. B.M. Vyas and Mr. Ramesh Chandak have resigned as Directors of the Company w.e.f. June 29, 2022 and August 12, 2022 respectively.

We further report that, during the audit period, the Company has allotted 50,00,000 equity shares each to Mr. Devendra Shah (Promoter) and Mrs. Netra Shah (Member of Promoter group) at a price of ₹111/- (including a premium of ₹101/-) pursuant to the conversion of fully paid up warrants on November 7, 2022.

We further report that, during the audit period, the Members passed following special resolutions through postal ballot on December 25, 2022 for:

- Appointment of Mr. Dnyanesh Darshane (DIN: 08515431) as Independent Director of the Company.
- Appointment of Ms. Akshali Shah (DIN: 06575079) as Executive Director of the Company.

Date: July 26, 2023

Place: Mumbai

For M/s N. L. Bhatia & Associates

Practicing Company Secretaries

UIN: P1996MH055800

P/R No.: 700/2020

Sd/-

Bharat Upadhyay

Partner

FCS: 5436

CP. No.: 4457

UDIN: FO05436E000679087

Annexure A**Laws specifically applicable to the Company:**

1. Food Safety and Standard Act, 2006
2. Consumer Protection Act, 1986/Monopolies and Restrictive Trade Practices Act, 1969
3. Factories Act, 1948
4. Standards of Weights & Measurement Act, 1976
5. Negotiable Instrument Act, 1981
6. Obligations under Pollution Control Laws/Relevant Local Law(s) for Environmental matter/ Approval under local laws
7. Employee Laws
8. Tax Laws
9. Environment (Protection) Act, 1986 and E- Waste (Management) Rules, 2016, Batteries (Management & Handling) Rules, 2001.
10. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

To,

The Members,

Parag Milk Foods Limited

Flat No.1, Plot No.19, Nav Rajasthan Soc.,

Behind Ratna Memorial Hospital, S.B. Road,

Shivaji Nagar Pune – 411016.

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

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the auditing standards issued by the Institute of Company Secretaries of India (ICSI) and audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Date: July 26, 2023

Place: Mumbai

For M/s N. L. Bhatia & Associates

Practicing Company Secretaries

UIN: P1996MH055800

P/R No.: 700/2020

Sd/-

Bharat Upadhyay

Partner

FCS: 5436

CP. No.: 4457

UDIN: FO05436E000679087

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the system by which business corporations are directed and controlled. The Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affair. By doing this, it also provides the structure through which the Company's objectives are set and the means of attaining those objectives and monitoring performances. At Parag, good corporate governance is a way of life and the way we do our business, encompassing every day's activities and is enshrined as a part of our way of working.

The Company is focused on enhancement of long-term value creation for all stakeholders without compromising on integrity, societal obligations, environment and regulatory compliances. Our actions are governed by our values and principles, which are reinforced at all levels of the organisation. These principles have been and will continue to be our guiding force in future.

For your Company, good corporate governance is a synonym for sound management, transparency and adequate disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a company to take sound decisions.

As a Company with a strong sense of values and commitment, we believe that profitability must go hand in hand with a sense of responsibility towards all stakeholders. This is an integral part of our business philosophy. The cardinal principles such as independence, accountability, responsibility, transparency and disclosure serve as means for implementing the philosophy of Corporate Governance.

The Corporate Governance philosophy of Parag Milk Foods Limited ("the Company" or "Parag") is based on the tenets of integrity, accountability, transparency and values. The Company lays emphasis on the values of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of stakeholders. The Company's philosophy on Corporate Governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has always been committed to the principles of good corporate governance. In addition to compliance with regulatory requirements, the Company also endeavors to ensure that highest standards of ethical and

responsible conduct are maintained throughout the Organization.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, with regard to Corporate Governance.

The details of Parag's Board structure and various committees that constitute the governance structure of the Organization are covered in detail in this report.

2. BOARD OF DIRECTORS

a. COMPOSITION

The Company recognizes the importance of a diverse Board in its optimal success. The Board of Directors of the Company ("Board") comprises of Members having varied skills, experience and knowledge. As on March 31, 2023 the Board comprised of eight Directors, with four Non-Executive Independent Directors including one Independent Woman Director, One Non-Executive Non-Independent Director and three Executive Directors including Chairman, Managing Director and one Woman Executive Director.

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 and 152 of the Companies Act 2013 ("Act"). Necessary disclosures regarding Committee positions in other Public Companies as on March 31, 2023 have been received from the Directors.

The Board is committed to the goal of sustainably elevating the Company's value creation.

These guidelines seek to systematise the decision-making process at the meetings of the Board and its Committees in an informed and efficient manner. Further, the Board of Directors of the Company is totally committed to the best practices for effective Corporate Governance.

b. BOARD MEETINGS

During the Financial Year ("FY") 2022-23, seven meetings of the Board of Directors were held on May 26, 2022, June 30, 2022, July 18, 2022, August 13, 2022, October 18, 2022, November 14, 2022 and January 24, 2023.

Necessary quorum was present for all the meetings. The time gap between any two meetings was not exceeding one hundred and twenty days. The Board strives to

meet at least once a quarter to review the quarterly Financial Results and other items on the agenda. Additional meetings are held whenever necessary.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience as well as enables the Board to discharge its responsibilities and provide effective leadership to the business.

The 30th AGM of the Company was held on September 30, 2022 by Video Conferencing ("VC")/ Other Audio Visual Means ("AOVM") and through e-voting system of National Securities Depository Limited ("NSDL").

The composition of the Board, Nature of Directorship of the Board Members and their Directorship in other Public Companies as on March 31, 2023 are as under:

Name	Category	Number of Directorship in other Public Companies	Number of Committee positions held in other Public Companies#	
			Member	Chairman
Mr. Devendra Shah (DIN: 01127319)	Executive Chairman – Whole-Time Director ("WTD") (Promoter)	Nil	Nil	Nil
Mr. Pritam Shah (DIN: 01127247)	Managing Director (Promoter)	Nil	Nil	Nil
Ms. Akshali Shah* (DIN: 06575079)	Executive Director (Promoter Group)	Nil	Nil	Nil
Mr. Narendra Ambwani (DIN: 00236658)	Independent Director	3	6	1
Mr. Nitin Dhavalikar (DIN: 07239870)	Independent Director	Nil	Nil	Nil
Ms. Radhika Dudhat (DIN: 00016712)	Independent Director	3	2	1
Mr. Dnyanesh Darshane* (DIN: 08515431)	Independent Director	Nil	Nil	Nil
Mr. Nikhil Vora (DIN: 05014606)	Non-Executive Director	2	1	Nil

Only Audit Committee and Stakeholder's Relationship Committee positions are considered as per Listing Regulations.

* Ms. Akshali Shah and Mr. Dnyanesh Darshane appointed as Executive Director and Independent Director respectively w.e.f. December 25, 2022.

Details of the Directors of the Company and their attendance at the Board Meetings held during the FY 2022-23 and the Annual General Meeting of the Company held on September 30, 2022:

Name	Category	No. of Board meetings held	Number of Board Meetings attended	Whether attended last AGM held on September 30, 2022
Mr. Devendra Shah	Executive Chairman – Whole time Director (Promoter)	7	7	Yes
Mr. Pritam Shah	Managing Director & Interim CFO (Promoter)	7	7	Yes
Ms. Akshali Shah*	Executive Director (Promoter Group)	7	1	Not Applicable
Mr. B.M. Vyas^	Non-executive Non-Independent Director	7	1	Not Applicable
Mr. Ramesh Chandak#	Independent Director	7	2	Not Applicable

Name	Category	No. of Board meetings held	Number of Board Meetings attended	Whether attended last AGM held on September 30, 2022
Mr. Narendra Ambwani	Independent Director	7	6	Yes
Mr. Nitin Dhavalikar	Independent Director	7	7	Yes
Ms. Radhika M. Dudhat	Independent Director	7	7	Yes
Mr. Dnyanesh Darshane*	Independent Director	7	1	Not Applicable
Mr. Nikhil Vora	Non-Executive Director	7	7	Yes

*Ms. Akshali Shah and Mr. Dnyanesh Darshane appointed as Executive Director and Independent Director respectively w.e.f. December 25, 2022.

^Mr. B. M. Vyas, Non-Executive Director resigned from the Board w.e.f. June 29, 2022 due to his health reasons. He confirmed that there were no material reasons for his resignation other than the one stated above.

#Mr. Ramesh Chandak, Independent Director resigned from the Board w.e.f. August 12, 2022 due to his personal commitments. He confirmed that there were no material reasons for his resignation other than the one stated above.

Details of directorships of Board Members in other listed entities and their category of directorship as on March 31, 2023:

Name of the Directors	Name of Listed Entities	Category of Directorship
Mr. Devendra Shah	Nil	Nil
Mr. Pritam Shah	Nil	Nil
Ms. Akshali Shah	Nil	Nil
Mr. Narendra Ambwani	1) Agro Tech Foods Ltd.	Independent Director
	2) RPG Life Sciences Ltd.	Independent Director
	3) Godrej Consumer Products Ltd.	Independent Director
Mr. Nitin Dhavalikar	Nil	Nil
Ms. Radhika Dudhat	1) Jain Irrigation Systems Limited	Independent Director
	2) Jagsonpal Pharmaceuticals Ltd.	Independent Director
	3) Tips Films Ltd.	Independent Director
Mr. Dnyanesh Darshane	Nil	Nil
Mr. Nikhil Vora	1) Hindustan Foods Ltd.	Non-Independent Non-Executive Director
	2) Bikaji Foods International Ltd.	Independent Director

Independent directors are expected to attend at least four quarterly Board meetings and the Annual General Meeting ("AGM") which are held during the Financial Year. The Company provides video conferencing/teleconferencing facilities to enable their participation. The Board Members are expected to rigorously prepare for, attend and participate in the Board and respective Committee Meetings.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified under Regulation 26(1) of Listing Regulations), across all the companies in which they are Directors.

None of the Directors on the Board:

- holds directorships in more than ten Public Companies;
- serves as Director or as an Independent director in more than seven listed entities; and
- as an Executive Director serves as an Independent director in more than three listed entities.

a. DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS INTER-SE

In terms of Regulation 36(3)(c) and Schedule V(C)(2)(e) of the SEBI Listing Regulations, none of the Directors are related to each other except as mentioned below:

Name of Directors	Relationship Between Directors Inter-Se
Mr. Devendra Shah & Mr. Pritam Shah	Brothers
Mr. Devendra Shah & Ms. Akshali Shah	Father and Daughter

b. DISCLOSURE OF SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

Details of equity shares of the Company held by Non-Executive Directors as on March 31, 2023 are given below:

Name of Directors	Category	Number of Equity Shares
Mr. Nikhil Vora	Non – Executive Director	1,60,700
Mr. Narendra Ambwani	Independent Director	4,500
Mr. Nitin Dhavalikar	Independent Director	NIL
Ms. Radhika Dudhat	Independent Director	NIL
Mr. Dnyanesh Darshane	Independent Director	NIL

None of the Non-Executive Independent Directors hold any equity shares or convertible instruments of the Company during the FY ended March 31, 2023 except Mr. Narendra Ambwani.

c. INDUCTION AND FAMILIARISATION PROGRAMMES

The Company has an orientation programme upon induction of new Directors, as well as other initiatives to update Directors on a continuous basis.

All new Independent Directors are taken through a detailed induction and familiarization program when they join the Board of the Company. The induction program is an exhaustive one that covers the history and culture of Parag Milk Foods Ltd., background of the Company and its growth over the last several decades, various milestones in the Company's existence since its incorporation, the present structure and an overview of the businesses and functions.

Thereafter, the Independent Directors are provided with necessary presentations, documents, reports, internal policies and updates to familiarise them with the Company's business, policies, procedures and practices at various Meetings held during the year.

As a part of induction programme, the Independent Directors also visit the Company's manufacturing locations to understand the operations of the Company. The Independent Directors are also exposed to the constitution, Board procedures, matters

reserved for the Board and major risks facing the business and risk mitigation programmes. The Independent Directors are also made aware of their roles and responsibilities at the time of their appointment and a detailed Letter of Appointment is issued to them. The Board has adopted a Policy on Familiarization Programme for the Independent Directors which aims to provide significant insight into the business of the Company.

The Company has conducted familiarisation programs for Independent Directors during the FY 2022-23. The details for the same have been disclosed on the website of the Company at the following web-link: <https://www.paragmilkfoods.com/investors.php> in "Policies" tab under "Corporate Governance" Section.

d. MATRIX SETTING OUT THE SKILLS/ EXPERTISE/ COMPETENCIES OF THE BOARD OF DIRECTORS

The Directors on the Board are eminent industrialists/ professionals and have expertise in their respective functional areas, who bring with them reputation of independent judgement and experience adding value to the Company's business. Directors are inducted on the Board on basis of the possession of the skills identified by the Board as below and their special skills with regards to the industries/ fields they come from.

The Board skill matrix provides a guide as to the core skills, expertise, competencies and other criteria (collectively referred to as 'skill sets') considered appropriate by the board of the Company in the context of its business and sector(s) for it to function effectively and those actually available with the Board. The skill sets

will keep on changing as the Organisation evolves and hence the Board may review the matrix from time to time to ensure that the composition of the skill sets remains aligned to the Company's strategic direction.

The brief profiles of Directors forming part of this Annual Report gives an insight into the education, expertise, skills and experience of the Directors, thus bringing in diversity to the Board's perspectives.

The Board has, taking into consideration the Company's nature of business, core competencies, key characteristics, identified the following core skills/ expertise/ competencies as required in the context of its business(es) & sector(s) for it to function effectively and which are available with the Board.

The core skills/ expertise/ competencies fundamental for the effective functioning of the Company as identified by the Board of Directors as required in the context of its business(es) and sector(s) are as follows:

In terms of the requirement of the Listing Regulations, the Board has identified the core skills/ expertise/ competencies of the Directors in the context of the Company's business for effective functioning and as available with the Board, which are as follows:

- 1. Business & Financial Acumen** - Ability to understand and analyze key Financial Statements, critically assess financial viability and performance, oversee efficient use of resource.
- 2. Global Business** - With an understanding of diverse business environments, various geographies, industry verticals, economic

conditions, cultures and regulatory frameworks and a broad perspective on global market opportunities.

- 3. Industry Knowledge** - Understand the Company's business, policies and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunity(ies) and knowledge of the industry in which the Company operates.
- 4. Strategy and Planning** - Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
- 5. Governance** - Experience in developing governance framework, serving the best interests of all stakeholders, driving board and management accountability, building long-term effective stakeholder engagements and sustainability.
Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability and driving corporate ethics and values.
- 6. Risk Management** - Assisting in identifying, assessing and controlling financial, legal, strategic and security risks to Organisation's capital and earnings.
- 7. Marketing & Communications** - Knowledge of and exposure to nuances of marketing and public promotion campaigns and ability to gather information relating to consumers' expectations and grievances.

Sr. No.		DS	PS	AS	DD	NA	RD	ND	NV
1	Business & Financial Acumen	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Global Business	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Industry Knowledge	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Strategy and Planning	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Governance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Risk Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
7	Marketing & Communications	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: DS - Devendra Shah, PS - Pritam Shah, AS - Akshali Shah, DD - Dnyanesh Darshane, NA- Narendra Ambwani, RD - Radhika Dudhat, ND - Nitin Dhavalikar, NV - Nikhil Vora

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries/ fields from where they come.

3. DIRECTORS' INDEPENDENCE AND DECLARATIONS

All Independent Directors of the Company have certified and confirmed their independence in accordance with Section 149(6) of the Act read with Regulations 16(1)(b) and 25(8) of the Listing Regulations as amended, as on March 31, 2023. Further in terms of the Regulation 25(8), they have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

The Board at its meeting held on April 29, 2023, reviewed the declaration of independence submitted by Independent Directors and carried out due assessment of the veracity of the same noting that the Independent Directors of the Company fulfil the conditions specified in the Listing Regulations and are independent of the Management.

Pursuant to Section 164(2) of the Act, all the Directors have provided annual declarations that they are not disqualified to act as Directors in the Company. M/s. N.L. Bhatia & Associates, Practicing Company Secretaries has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company are debarred or disqualified from being appointed or continuing as Directors of the Company by the SEBI/ Ministry of Corporate Affairs ("MCA") or any such other statutory authority.

The same forms part of this Annual Report.

4. SEPARATE MEETING OF INDEPENDENT DIRECTORS

For the Board to exercise free and fair judgment in all matters related to the functioning of the Company, it is important for Independent Directors to have meetings without the presence of the executive management. The Independent Directors meet at least once in a year, without the presence of Executive Directors or Management representatives.

During the FY 2022-23, the independent directors met without the presence of the Management.

The meeting of Independent Directors was held on March 28, 2023 at Corporate Office of the Company located at Nariman Point, Mumbai.

The meeting was chaired by Mr. Nitin Dhavalikar, Independent Director wherein the Independent Directors, inter-alia, took up the following agenda items:

- a) Reviewed the performance of Non - Independent Directors and the Board as a whole;
- b) Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

- c) Assessed the quality, quantity and timeliness of flow of information between the Company Management and Board that is necessary for Board to effectively and reasonably perform its duties.

At such meetings, the Independent Directors discuss, among other matters, performance of the Company and risks faced by it, flow of information between Board & Management, competition, strategy, strengths and weaknesses, governance, compliance, Board movements, succession planning, human resource matters and performance of the Executive Members of the Board, and the Chairman.

In addition to these formal meetings, interactions outside the Board Meetings also take place between the Chairman and Independent Directors.

5. AVAILABILITY OF INFORMATION TO BOARD MEMBERS

The Board has unrestricted access to all Company-related information, including that of the employees. At Board Meetings, functional heads and representatives who can provide additional insights into the agenda items being discussed are roped in as invitees. Information is provided to the Board Members on a continuous basis for their review, discussions, inputs and approval. Strategic and operating plans are presented to the Board in addition to the quarterly and annual Financial Statements. Specific cases of acquisitions, important managerial decisions, material positive/negative developments and statutory matters are presented to the statutory committees and later, with their recommendation, to the Board for its approval.

As a process, all Board/ Committee Members are given notice of the Meetings in advance. The Meetings are governed by a structured agenda. The agenda along with the Notes to agenda are distributed well in advance. All items in the agenda are supported by detailed background information to enable the Directors to take informed decisions. Minutes of the proceedings of each Board/ Committee Meetings are recorded. Draft Minutes are circulated amongst all Directors for their comments. The Minutes of the proceedings of the Meetings are entered in the Minutes' book.

The Company has an effective mechanism for post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees. The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.

During FY 2022-23, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

6. COMMITTEES OF THE BOARD

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board. Committees of the Board usually meet the day before or same day of the Board meeting, or whenever the need arises for transacting business.

The Chairman of the Board, in consultation with the Company Secretary ("CS") and the respective Committee Chairperson, determines the frequency of Committee Meetings. The quorum for Meetings is the higher of two members or one-third of the total number of members of the Committee.

The Board has established the following statutory and non-statutory Committees: -

a) AUDIT COMMITTEE

The powers, roles and terms of reference of the Audit Committee covers the areas as specified under Section 177 of the Act and Regulation 18 of the Listing Regulations, as applicable, besides other terms as referred by the Board. The powers include investigating any activity within its terms of reference as specified by the Board and seeking information from any employee, obtaining professional advice from external sources, securing attendance of outsiders with relevant expertise, if considered necessary and having full access to information contained in the records of the Company.

Composition, Name of Chairman and Members & Terms of Reference

The Audit Committee comprises of total four Members with Mr. Nitin Dhavalikar as the Chairman, Mr. Narendra Ambwani & Mr. Dnyanesh Darshane (Independent Directors) and Mr. Pritam Shah, (Managing Director) as Members of the Committee as on March 31, 2023. All the members of the Committee have relevant experience in financial matter

The composition of the Audit Committee complies with the requirements laid down in Regulation 18 of Listing Regulations.

Terms of Reference

The terms of reference and powers of the Audit Committee are those prescribed under Part C of Schedule II of the Listing Regulations as well as Section 177 of the Act.

The role of the audit committee include the followings:

1. Oversight of the company's financial reporting process and to ensure that Financial Statement is correct, sufficient and credible;

2. Recommendation for appointment, remuneration and terms of appointment of statutory, internal and cost auditors of the Company;
3. Approval of payment to statutory & other auditors for any other services rendered by them;
4. Reviewing, with the Management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement forming part of Board Report in terms of section 134(3)(c) of the Act;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management;
 - d) Significant adjustments made in the Financial Statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to Financial Statements;
 - f) Disclosure of any related party transactions; and
 - g) modified opinion(s) in the draft audit report.
5. Reviewing, with the Management, the quarterly Financials before submission to the Board for approval;
6. Reviewing, with the Management, the statement of use/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take necessary steps in this matter;
7. Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of inter - corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post – audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
21. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholder.
22. Review of following information:
 - (i) management discussion and analysis of financial condition and results of operations;
 - (ii) management letters/ letters of internal control weaknesses issued by the statutory auditors;

- (iii) internal audit reports relating to internal control weaknesses;
- (iv) the appointment, removal and terms of remuneration of the chief internal auditor; and
- (v) statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations;
 - b. annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of Listing Regulations.

All Members of the Audit Committee are financially literate and having relevant expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. It functions in accordance with its terms of reference that defines its authority, responsibility and reporting function.

Meetings and Attendance during the FY 2022-23

The Audit Committee meets at least once a quarter. There were Eight (8) meetings of the Audit Committee held during the FY ended March 31, 2023 on May 26, 2022, June 30, 2022, July 18, 2022, August 13, 2022, October 18, 2022, November 14, 2022, January 9, 2023 and January 24, 2023. The gap between two Meetings was not more than 120 days. The requisite quorum was present in all the Meetings.

The Meetings of Audit Committee are also attended by the Chief Financial Officer, representatives of Statutory Auditors, Internal Auditor and executives from accounts and finance department as special invitees. The Company Secretary acts as the Secretary to the Committee. The Minutes of each Audit Committee meeting are placed in the next Meeting of the Board.

Mr. Nitin Dhavalikar, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 30, 2022.

The Composition, Name of the Members, Chairperson, Particulars of Meetings held and attendance of the Members during the FY 2022-23 are as follows:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the FY 2022-23	
				Held	Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	8	8
2	Mr. Pritam Shah	Member	Managing Director	8	8
3	Mr. Narendra Ambwani	Member	Independent Director	8	8
4	Mr. Ramesh Chandak*	Member	Independent Director	8	2
5	Mr. Dnyanesh Darshane#	Member	Independent Director	8	N.A.

*Mr. Ramesh Chandak ceased to be Member of the Committee w.e.f. August 12, 2022.

#Mr. Dnyanesh Darshane appointed as Member of the Committee on January 24, 2023.

The Audit Committee is also responsible for giving guidance and directions under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and to review the report of the Compliance Officer with the provisions of these regulations at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

The Audit Committee reviews the reports of external & internal Auditors, the reports of the statutory auditors arising out of the quarterly, half-yearly, and annual audit of the accounts; considered significant financial issues affecting the Company and it holds discussions with the internal and statutory auditors and Management during the financial year.

b) **NOMINATION AND REMUNERATION COMMITTEE**

The powers, role and terms of reference of the Nomination and Remuneration Committee ("NRC") covers the areas as mentioned under Section 178 of the Act and Regulation 19 of Listing Regulations, besides other terms as referred by the Board. The role includes but not limited to recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel ("KMP") and other employees; formulation of criteria for evaluation of Independent Directors and the Board; and identification of persons who are qualified to become Directors and who may be appointed in Senior Management and recommending to the Board their appointment, removal and noting of cessation (changes); and recommendation to the Board of all remuneration, in whatever form, payable to Senior Management.

Composition, Name of Chairman and Members & Terms of Reference

The NRC comprises of three Directors with Mr. Nitin Dhavalikar as the Chairman of the Committee and Mr. Devendra Shah and Ms. Radhika Dudhat as Members of the Committee as on March 31, 2023. The Board at its Meeting held on April 29, 2023 appointed Mr. Narendra Ambwani (Independent Director) as Chairman in place of Mr. Nitin Dhavalikar in view of revision in Fees / Compensation Structure of the Board Members and Mr. Nitin Dhavalikar is continuing as Member of the Committee.

During the FY 2022-23, the Non-Executive Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings.

The Company Secretary acts as the Secretary to the Committee.

The terms of reference of the Committee cover the matters specified for NRC under the Listing Regulations and the Act.

Apart from the above, the Committee also carries out such functions/ responsibilities entrusted on it by the Board from time to time.

Meetings and Attendance during the Financial Year 2022-23

The NRC met four times during the Financial Year on June 30, 2022, August 13, 2022, October 18, 2022 and November 14, 2022. The requisite quorum was present at the Meetings. The Chairman of NRC was present at the last 30th Annual General Meeting held on September 30, 2022 to answer the Shareholder queries.

The Composition, Name of the Members, Chairperson, Particulars of Meetings held and attendance of the Members during the FY 2022-23 are mentioned in the table below:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the FY 2022-23	
				Held	Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	4	4
2	Mr. Devendra Shah	Member	Executive Director	4	4
3	Ms. Radhika Dudhat	Member	Independent Director	4	4
4	Mr. Ramesh Chandak*	Member	Independent Director	4	1

*Mr. Ramesh Chandak ceased to be Member of the Committee w.e.f. August 12, 2022.

Terms of Reference

The terms of reference and powers of the Committee are those prescribed under Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 178 of the Companies Act, 2013.

The Board on the recommendation of the Nomination & Remuneration Committee adopted the Remuneration policy for Directors, Key Managerial Personnel (KMP) and other employees of the company. The Committee also plays the role of Compensation Committee and is responsible for administering the Stock Option Plan of the Company and determining eligibility of employees for stock options.

The terms of reference of the NRC are:

- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of Directors, KMP and other employees and formulation of criteria for evaluation of Independent Directors and the Board;
- Evaluating the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;

- To recommend remuneration policy for Directors, KMP and Senior Management of Company.

Role of the Nomination and Remuneration Committee

- Determine/ recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine/ recommend the criteria for qualifications, positive attributes and independence of Director;
- Review and determine elements of remuneration package of the Executive Directors and KMP i.e. salary, benefits, bonuses, stock options, pension etc;
- Formulate criteria and carry out evaluation of performance of each Director individually and the Board as a whole;
- Recommend to the Board, all remunerations, in whatever form, payable to Senior Management.

Performance Evaluation

The Company has laid down a process for evaluation of the Board and Committees of Board as well as evaluation of the performance of each of the Director. A structured questionnaire is prepared after circulating the draft forms, covering various aspects such as structure of the Board, qualifications, experience and competency of Directors, diversity in Board, effectiveness of the Board process, among others.

Independent directors have three key roles – governance, control and guidance. Some performance indicators, based on which Independent Directors are evaluated, include:

- The ability to contribute to and monitor corporate governance practices;
- The ability to contribute by introducing international best practices to address business challenges and risks;

- Active participation in long-term strategic planning; and
- Commitment to fulfilment of director's obligations and fiduciary responsibilities; these include participation in Board and Committee Meetings.

Individual Director including the Chairman of the Board were also evaluated on parameters such as level of engagement and contribution, independence of judgement. The performance evaluation of the Independent Directors was carried out by the entire Board on basis of participation of Independent Directors in the Meeting, raising of concerns to the Board, safeguarding confidentiality of information, rendering of independent decisions, unbiased opinions and timely inputs on the Minutes and initiatives in terms of planning and new ideas. The Directors expressed their satisfaction with the evaluation process.

A consolidated summary of the ratings given by each Director was then prepared. The report of performance evaluation was then discussed and noted by the Board.

The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation of the Directors, the Directors being evaluated had not participated. As an outcome of the evaluation, it was noted that Board as a whole has a composition that is diverse in experience and perspective and fosters healthy discussions. The discussion quality is robust, well intended and leads to clear direction and decision. It should also be noted that the Board Committees function professionally and smoothly and besides the Board Committee's terms of reference as mandated by law, important issues are brought up and discussed in the respective Committees.

c) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee ("SRC") oversees, inter-alia, redresses shareholder and investor grievances, transfer/transmission of shares, non-receipt of annual

report or declared dividend, reviewing dematerialization/ rematerialization of shares and related matter

The roles and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of Listing Regulations.

Composition, Name of Chairman and Members & Terms of Reference

The Stakeholders Relationship Committee comprises of four members including Mr. Nitin Dhavalikar as the Chairman of the Committee and Mr. Devendra Shah, Mr. Pritam Shah, and Ms. Akshali Shah as Members of the Committee as on March 31, 2023.

However, the Board at its Meeting held on April 29, 2023 appointed Mr. Dnyanesh Darshane (Independent Director) as Chairman in place of Mr. Nitin Dhavalikar in view of change in Fees/ Compensation Structure of the Board Members and Mr. Nitin Dhavalikar has ceased to be a part of the Committee consequent to such re-constitution of the Committee.

The terms of reference of the Committee cover the matters specified for Stakeholders' Relationship Committee under the Listing Regulations and the Act.

The Company Secretary acts as the Compliance Officer to the Committee.

Mr. Nitin Dhavalikar - Chairman of the Committee was present at the last Annual General Meeting held on 30th September, 2022.

Meetings and Attendance during the FY 2022-23

During the FY 2022-23, SRC meeting was held once i.e. on March 13, 2023.

The Composition, Name of the Members, Chairperson, Particulars of Meetings held and attendance of the Members during the FY 2022-23 are as follows:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the FY 2022-23	
				Held	Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	1	1
2	Mr. Devendra Shah	Member	Executive Director	1	1
3	Mr. Pritam Shah	Member	Executive Director	1	1
4	Ms. Akshali Shah*	Member	Executive Director	1	1

*Ms. Akshali Shah appointed as Member of the Committee on January 24, 2023.

Terms of Reference

The terms of reference mandated by the Board, which is also in line with the statutory and regulatory requirements are:

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

The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement of the quality of investor services as and when need arises.

The Meetings of the Committee are generally held as and when deemed necessary, to review and ensure that all investor requests/ grievances are redressed within stipulated time period.

Details of Complaints Received and Redressed during FY 2022-23

During the FY ended March 31, 2023, 26 complaints were received from shareholders and investor. All the complaints have been resolved to the satisfaction of the shareholders and no investor complaint was pending as on March 31, 2023.

The Company acted upon all valid requests for share transfer and non-receipt of dividend warrants, received during FY 2022-23 and no such transfer is pending. Sending of physical copies of Annual Reports for FY 2021-22 had been exempted by the SEBI vide circular No. SEBI/HO/ CFD/CMD2/CIR/P/2022/62 dated May 13, 2022.

No investor grievances remained unattended/ pending for more than thirty days as on March 31, 2023.

Mr. Virendra Varma - Company Secretary of the Company is the Compliance Officer for resolution of Shareholders'/ Investors' complaints.

The Company has an exclusive e-mail ID in place for easy and quick redressal of grievances of shareholders regarding their complaints which is managed by the Secretarial Team and Head - Investor Relations, a post designated specifically for dealing with Investor queries and grievances along with investor presentations.

The number of complaints received and resolved to the satisfaction of shareholders during the year under review and their break-up are as under:

Type of Complaints	Number of Complaints
Non-Receipt of Annual Reports	6
Non-Receipt of Dividend	19
Others	1

The above table also includes Complaints received from SEBI SCORES by the Company.

Name and Designation of the Compliance Officer

Mr. Virendra Varma, Company Secretary acts as Compliance Officer of the Company in terms of Regulation 6 of the Listing Regulations.

Continuous efforts are made by the Company to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investor Shareholders are requested to furnish their updated telephone numbers and e-mail addresses to facilitate prompt action.

d) RISK MANAGEMENT COMMITTEE

The Board has constituted a Risk Management Committee (RMC) in line with the provisions of Regulation 21 of Listing Regulations, which is responsible for providing oversight in achieving the Company's Enterprise Risk Management (ERM) objectives. ERM helps company's objectives by creating a comprehensive approach to anticipate, identify, prioritize and manage material risks attached to the Company's operations and business. The primary responsibility of RMC is to ensure that sound policies, procedures and practices are in place for industry-wide management of the Company's material risks.

Composition, Name of Chairman/Chairperson and Members

The Risk Management Committee of the Company comprises Mr. Devendra Shah as the Chairman, Mr. Pritam Shah, Mr. Dnyanesh Darshane and Mr. Nitin Dhavalikar, as the Members of the Committee as on March 31, 2023.

The Board at its Meeting held on April 29, 2023 appointed Ms. Radhika Dudhat (Independent Director) as Chairperson in place of Mr. Devendra Shah in view of change in Fees / Compensation Structure of the Board Members and have also made Ms. Akshali Shah Member in the Committee. Mr. Devendra

Shah has ceased to be a part of the Committee consequent to such re-constitution of the Committee.

The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance during the FY 2022-23

Two Risk Management Committee (RMC) Meetings were held on September 15, 2022 and March 13, 2023 for reviewing the Company level risks and mitigation plans and actions.

The Composition, Name of the Members, Chairperson, Particulars of Meetings held and attendance of the Members during the FY 2022-23 are as follows:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the FY 2022-23	
				Held	Attended
1	Mr. Devendra Shah	Chairman	Executive Director	2	2
2	Mr. Pritam Shah	Member	Executive Director	2	2
3	Mr. Dnyanesh Darshane*	Member	Independent Director	2	Nil
4	Mr. Nitin Dhavalikar	Member	Independent Director	2	2

*Mr. Dnyanesh Darshane appointed as Member of the Committee on January 24, 2023.

The Company has set up an internal compliance management tool (AVANTIS) to periodically review compliance requirements under different statutes as applicable to the Company.

Terms of Reference

The terms of reference of the Committee are:

- i. Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- ii. Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- iii. Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- iv. Keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
- v. Review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
- vi. Provide ongoing guidance and support for the refinement of the overall risk management;
- vii. Ensure that management understands and accepts its responsibility for identifying, assessing and managing risk;
- viii. Determine which enterprise risks are most significant;
- ix. Assign risk owners and approve action plans;
- x. Approve Company-wide Risk Assessment & Risk Profile;
- xi. Update the leadership team from time to time on the on-going ERM progress/ changes;
- xii. Review & report to the Company's Audit Committee/ Board;
- xiii. Review and monitor Cyber security measures; and
- xiv. Formulate, monitor and review risk management policy and plan, inter-alia, covering investment of surplus funds, management of foreign exchange risks, cyber security risks, data privacy risks and intellectual property infringements risks.

e) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted a Corporate Social Responsibility ("CSR") Committee in line with the provisions of Section 135 of the Companies Act, 2013 to recommend to the Board CSR initiatives of the Company and also to monitor implementation of the CSR initiatives.

Composition, Name of Chairperson and Members

The Corporate Social Responsibility Committee comprises Ms. Radhika Dudhat as the Chairperson and Mr. Devendra Shah, Ms. Akshali Shah and Mr. Narendra Ambwani as the Members of the Committee as on March 31, 2023.

The Company Secretary acts as the Secretary to the Committee.

The Committee composition as on March 31, 2023 is as under:

Name of the Member	Position	Category
Ms. Radhika Dudhat	Chairperson	Independent Director
Mr. Devendra Shah	Member	Executive Director
Ms. Akshali Shah	Member	Executive Director
Mr. Narendra Ambwani	Member	Independent Director

Meetings and Attendance during the Financial Year 2022-23

During the FY ended March 31, 2023, the Committee met once on January 24, 2023.

The Composition, Name of the Members, Chairperson, Particulars of Meetings held and attendance of the Members during the FY 2022-23 are as follows:

Sr. No.	Name of the Member	Designation	Category	No. of Meetings during the FY 2022-23	
				Held	Attended
1	Ms. Radhika Dudhat	Chairperson	Independent Director	1	1
2	Mr. Devendra Shah	Member	Executive Director	1	1
3	Ms. Akshali Shah*	Member	Executive Director	1	NA
4	Mr. Narendra Ambwani	Member	Independent Director	1	0

*Ms. Akshali Shah appointed as Member of the Committee on January 24, 2023.

Key Terms of Reference

The terms of reference of the CSR Committee are as follows:

- Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act;
- Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy;
- Monitor the CSR Policy;
- Reviewing the performance of Company in the areas of CSR.

f) FINANCE COMMITTEE

Apart from the above Statutory Committees, the Board of Directors has constituted a Finance Committee to raise the level of governance and also to meet urgent business specific needs. The Finance Committee of the Board of Directors has been set up w.e.f. August

10, 2016 to oversee routine operations that arise in the normal course of the business, such as decision on banking relations, delegation of operational powers, appointment of nominees under statutes, etc. and for taking decisions on behalf of the Board, during the intervening period between two Board Meetings, on the routine matters and also the matters on which decisions are required to be taken urgently. The Committee has been given powers upto certain prescribed limits to authorize borrowings/ transactions and matters on a non-fund basis.

During the FY 2022-23, the Committee met 19 (Nineteen) times on April 21, 2022, June 6, 2022, July 15, 2022, August 8, 2022, August 23, 2022, August 29, 2022, September 2, 2022, September 26, 2022, October 10, 2022, October 11, 2022, November 1, 2022, November 7, 2022, November 23, 2022, November 25, 2022, December 14, 2022, January 30, 2023, March 1, 2023, March 17, 2023 and March 30, 2023.

The details of composition of the Finance Committee and attendance of the Members at the Finance Committee Meetings during the FY 2022-23 are as under:

Sr. No.	Name of Members	Designation	Category	No. of Meetings Held during	No. of Meeting(s) Attended
1	Mr. Nitin Dhavalikar	Chairman	Independent Director	19	19
2	Mr. Pritam Shah	Member	Executive Director	19	19
3	Mr. Devendra Shah	Member	Executive Director	19	19

7. SENIOR MANAGEMENT

The details of Senior Management of the Company as on March 31, 2023 are as follows:

Sr. No.	Name of Senior Management Personnel	Designation
1.	Mr. Bheemanappa	President Plant Operations
2.	Mr. Surendra Malaviya	Interim CFO
3.	Mr. Virendra Varma	Company Secretary & Compliance Officer

Changes in Senior Management since the close of previous financial year:

No. of Appointments	No. of Cessations
5	3

8. DETAILS OF REMUNERATION PAID TO DIRECTORS

i) Remuneration to Non-Executive Directors (including Independent Directors)

The Non-Executive Directors (except Mr. Nikhil Vora) are paid sitting fees of ₹1,00,000 for attending Board and Statutory Committee Meetings. The total amount of sitting fees paid to Non-Executive Directors, including Independent Directors (ID) during the Financial Year 2022-23 was ₹5.50 Millions. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the Meetings.

The details of payment made to Non-Executive Directors during the Financial Year 2022-23 are as under:

(₹ in Millions)

Name of Director	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Total Fees Paid
Mr. B. M. Vyas*	0.10	0.00	0.10
Mr. Narendra Ambwani (ID)	0.60	0.80	1.40
Mr. Nitin Dhavalikar (ID)	0.70	1.50	2.20
Ms. Radhika Dudhat (ID)	0.70	0.50	1.20
Mr. Ramesh Chandak (ID) #	0.20	0.30	0.50
Mr. Dnyanesh Darshane (ID)@	0.10	0.00	0.10
Mr. Nikhil Vora**	N.A.	N.A.	N.A.
Total	2.40	3.10	5.50

* Mr. B. M. Vyas resigned from the Board w.e.f. June 29, 2022.

Mr. Ramesh Chandak resigned from the Board w.e.f. August 12, 2022.

@Mr. Dnyanesh Darshane appointed as Independent Director on the Board w.e.f. December 25, 2022.

** Mr. Nikhil Vora has waived-off his right to receive sitting fees.

The remuneration to Non-Executive Directors is based on the Nomination and Remuneration Policy of the Company. None of the Non-Executive Independent Directors has any pecuniary relationship or transactions with the Company and its Associates. Mr. B.M. Vyas, Non-executive Non-Independent Director had been paid consultancy fees for professional services offered by him.

The Nomination and Remuneration Committee and the Board at their Meetings held on April 29, 2023 have recommended to pay commission to the Independent Directors w.e.f FY 2023-24 subject to approval of the shareholder A detailed proposal for payment of Commission to Independent Directors forms part of the Notice of ensuing AGM.

ii) Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Chairman - WTD and Managing Director is recommended by the Nomination and Remuneration Committee to the Board and the Shareholder Payment of remuneration to Executive Directors is

governed by the respective Agreements executed between Director The remuneration package of Whole- Time Directors and Managing Director is as approved by the shareholders at the General Meetings at the time of their appointment/re-appointment.

The tenure of office of the Whole-Time Directors is between three to five years from their respective date of appointment. The Agreements also contain clauses relating to termination of appointment in different circumstances. There is no specific provision for payment of severance fees to any of the Executive Directors.

Also out of pocket expenses as incurred by the Directors for business of the Company are reimbursed to them. Annual increments are linked to performance and are decided by the Nomination and Remuneration Committee and recommended to the Board for approval thereof.

The details of all elements of remuneration package i.e. salary, benefits, bonus, pension, etc. paid to the Executive Directors for the Financial Year 2022-23 are given below:

(₹ in Millions)

Name of Director	Designation	Fixed Salary & Perquisites (Remuneration)	Sitting Fees	Total Remuneration for FY 2022-23
Mr. Devendra Shah	Chairman - WTD	24.00	Nil	24.00
Mr. Pritam Shah	Managing Director	24.00	Nil	24.00
Ms. Akshali Shah*	Executive Director	1.30	Nil	1.30
Total		49.30	Nil	49.30

*Ms. Akshali Shah appointed as Executive Director w.e.f. December 25, 2022.

Presently, the Company has not granted any stock options to its Directors.

The Nomination and Remuneration Committee and the Board at their Meetings held on April 29, 2023 have recommended, subject to approval of the shareholder for:

- (i) Payment of commission to the Executive Directors w.e.f. April 1, 2023.
- (ii) Revision in remuneration payable to Ms. Akshali Shah w.e.f. April 1, 2023.

A detailed proposal on both the above items included in Notice of the ensuing AGM.

9. SUBSIDIARY COMPANY

The Board of Directors of the Company has approved a Policy for determining Material Subsidiaries which is in line with the Listing

Regulations as amended. The said policy is available on the website of the Company viz. www.paragmilkfoods.com. The Company does not have a material subsidiary as on the date of this Report, having a net worth or income exceeding 10% of the consolidated net worth / income of the Company as defined under Regulation 16(1)(c) of the Listing Regulations.

The information in respect of the loans and advances in the nature of loans to subsidiaries pursuant to Regulation 34 of the Listing Regulations is provided in Notes to the standalone financial statements.

The Minutes of the Board Meetings of the Subsidiary Company along with the details of significant transactions and arrangements entered into are shared with the Board of Directors on a quarterly basis.

Additionally, the Company monitors performance of Subsidiary Company, inter-alia, by the following means:

- Financial Statements, in particular investments made by Subsidiary Company, are reviewed quarterly by the Company's Audit Committee.

- A statement containing all significant transactions and arrangements entered into by Subsidiary Company is placed before the Board of Directors.
- Presentations are made to the Company's Board of Directors on business performance by the Senior Management on Subsidiary of the Company.

10. GENERAL BODY MEETINGS

i. Details of Annual General Meetings (AGM):

Location and time of the last three Annual General Meetings held and the special resolutions passed in them:

Details of the Annual General Meetings held during the last 3 years and Special Resolutions passed thereat are given below:

Particulars of AGM	Date and Time	Venue	Details of Special Resolution(s) Passed
30 th AGM for FY 2021-22	September 30, 2022 at 04:30 P.M.	VC / OAVM	<ol style="list-style-type: none"> 1. Re-Appointment of Mr. Devendra Shah (DIN: 01127319) as Whole-Time Director of the Company. 2. Re-Appointment of Mr. Pritam Shah (DIN: 01127247) as Managing Director of the Company. 3. Approval for maintaining the Registers and Indexes of Members and copies of Annual Returns at place other than Registered Office of the Company. 4. Approval of 'Parag Milk Foods Limited Employee Stock Option Scheme 2022' ("ESOP 2022") 5. Approval for grant of stock options to the employees of subsidiary company under ESOP 2022. 6. Approval for provision of money by the Company for subscription/ acquisition of its own shares by the Trust under the ESOP 2022. 7. Approval for amendments in 'Parag Milk Foods Limited - Employee Stock Option Scheme 2015.
29 th AGM for FY 2020-21	September 15, 2021 at 04:00 P.M.	VC / OAVM	<ol style="list-style-type: none"> 1. Amendment to the Articles of Association (AOA) of the Company. 2. Approval for payment of remuneration to Mr. B.M. Vyas (DIN: 00043804), Non-Executive Director, exceeding fifty percent of the total remuneration payable to all Non-Executive Directors.
28 th AGM for FY 2019-20	September 29, 2020 at 04:30 P.M.	VC / OAVM	<ol style="list-style-type: none"> 1. Re-appointment of Mr. Ramesh Chandak (DIN: 00026581) as an Independent Director. 2. Approval for payment of remuneration to Mr. B.M. Vyas (DIN: 00043804), Non-Executive Director, exceeding fifty percent of the total remuneration payable to all Non-Executive Directors

ii. Extra-Ordinary General Meeting (EGM)

During the FY 2022-23, an Extra-Ordinary General Meeting was held on Wednesday, August 10, 2022 at 11:00 A.M. through VC/ OAVM to seek the consent of shareholders of the Company ("Members"), for passing the special resolutions as mentioned below:

1. Approval for Issuance of Equity Shares to Investors on a Preferential basis;
2. Approval for Issuance of Convertible Warrants to Promoter Group on Preferential basis.

iii. Postal Ballot

During the FY 2022-23, one Postal Ballot Process (through remote e-voting) was conducted and the remote e-voting period for seeking the consent of shareholders of the Company commenced on Saturday, November 26, 2022 (9:00 A.M. IST) and ended on Sunday, December 25, 2022 (5:00 P.M. IST), both days inclusive and the special resolutions as mentioned below were passed with requisite majority on December 25, 2022:

1. Appointment of Mr. Dnyanesh Darshane (DIN: 08515431) as an Independent Director of the Company.

Details of Voting Pattern:

No. of Shares held	No. of valid votes cast	No. of votes in favour	No. of votes against	% of votes		No. of votes abstained
				Favour	Against	
107375841	39410040	39383661	26379	99.93	0.07	0

2. Appointment of Ms. Akshali Shah (DIN: 06575079) as Executive Director of the Company.

Details of Voting Pattern:

No. of Shares held	No. of valid votes cast	No. of votes in favour	No. of votes against	% of votes		No. of votes abstained
				Favour	Against	
107375841	18670695	18635395	35300	99.81	0.19	0

(i) Person who conducted the aforesaid postal ballot exercise:

Mr. Bhaskar Upadhyay (ICSI Membership No. FCS 8663), Partner of M/s. N.L. Bhatia & Associates, (UIN: P1996MH055800) conducted the aforesaid postal ballot exercise in a fair and transparent manner.

(ii) Whether any special resolution is proposed to be conducted through postal ballot:

No Special Resolution is currently proposed to be conducted through postal ballot.

(iii) Procedure for Postal Ballot:

The Postal Ballot was carried out as per the provisions of Sections 108, 110 and other applicable provisions, if any, of the Act, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations, Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India, each as amended, and in accordance with the requirements prescribed by the Ministry of Corporate Affairs vide General Circular Nos.14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, Circular No. 20/2021 dated December 8, 2021, Circular No. 3/2022 dated May 5, 2022 (MCA Circulars).

The Company had engaged the services of National Securities Depository Limited (NSDL) for providing remote e-Voting facilities to the Members, enabling them to cast their vote electronically and in a secure manner. In compliance with the MCA Circulars, the Company had sent the Postal Ballot Notice only in electronic form only by e-mail to those Members whose names appeared in the Register of Members/List of Beneficial Owners maintained by the Depositories viz., National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") as on Friday, November 18, 2022 (the "Cut-Off Date") and who have registered their e-mail addresses, in respect of electronic holdings, with the Depository through the concerned Depository Participants and in respect of physical holdings, with the Registrar and Share Transfer Agent of the Company, M/s. Kfin Technologies Limited ("RTA").

The Scrutinizer submitted his report on postal ballot by remote e-voting process to the Chairman of the Company on December 26, 2022. Based on the Report, the resolutions set out in the Postal Ballot Notice were passed with requisite majority on December 25, 2022. The results were declared on December 27, 2022, simultaneously intimated to Stock Exchange(s) i.e. BSE Limited and National Stock Exchange of India Limited, and uploaded on website of the Company at <https://www.paragmilkfoods.com/investors.php> on the same day.

11. MEANS OF COMMUNICATION

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders, which promotes transparency, accountability and confidence in the stakeholders and strengthens robust shareholder relations. Information to Stock Exchanges is filed electronically on the online portals of BSE Limited i.e. BSE Corporate Compliance & Listing Centre (Listing Centre) and National Stock Exchange of India Limited i.e. NSE Electronic Application Processing System (NEAPS).

The Company regularly interacts with Members through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications, details is provided below:

a. Quarterly Results	The Quarterly/Half Yearly and Yearly Results are published in the newspapers having wide coverage.
b. Newspapers wherein results normally published	The financial results are published in leading English and Marathi daily newspapers, viz. "The Financial Express" (English Newspaper) and "Lok Satta" (Marathi Newspaper)
c. Any Website, where displayed	The Company's corporate website address is www.paragmilkfoods.com which contains a dedicated section "Investors Tab" wherein the communication is available.
d. Whether it also displays official news releases	Yes
e. The presentations made to institutional investors or to analysts	Any presentation made to the institutional investors or/and analysts are submitted to the Stock Exchanges and also posted on the Company's website.

12. GENERAL SHAREHOLDER INFORMATION

I. Annual General Meeting

Day, Date and Time of the AGM: Wednesday, September 27, 2023 at 4:30 P.M. (IST)

Venue of the AGM: Video Conferencing/ Other Audio Visual Means pursuant to the MCA Circular dated May 5, 2020 read with general circulars dated April 8, 2020, April 13, 2020, January 13, 2021, December 14, 2021, May 5, 2022 & December 28, 2022 as such there is no requirement to have a venue for the AGM.

Deemed Venue for Meeting: Registered Office of the Company.

For details, please refer to the notice of the current AGM.

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

II. Financial Year: April 1, 2022 to March 31, 2023

III. Record date (Cut-off Date) : Wednesday, September 20, 2023 for the purpose of Annual General Meeting (as mentioned in the Notice of this AGM).

IV. Dividend Payment Date: There is no dividend recommended by the Directors for the Financial Year 2022-23.

V. Listing of Stock Exchanges:

The Company's Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited.

BSE Limited ("BSE")	National Stock Exchange of India Limited ("NSE")
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051

The annual listing fees of the BSE and the NSE for the financial year 2022-23 have been paid within the prescribed timeline.

VI. Corporate Identification Number (CIN) of the Company:

L15204PN1992PLC070209

VII. Stock Code:

Stock Exchange	Code
BSE	539889
NSE	PARAGMILK

The ISIN of Parag Milk Foods Limited on both NSDL and CDSL is INE883N01014

VIII. Market Price Data

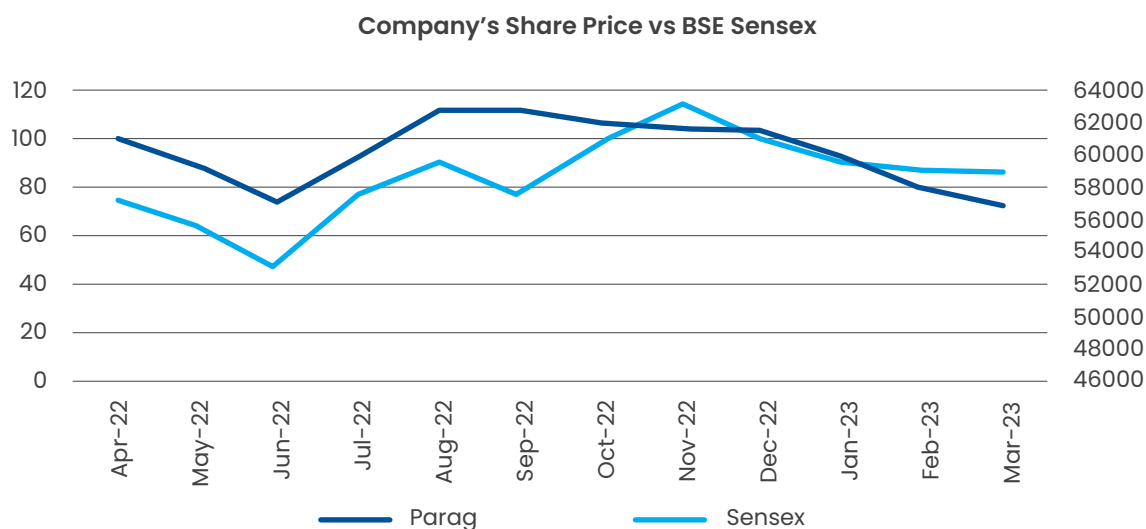
The details of monthly high/low, market price of the Equity shares of the Company at BSE Ltd. (BSE) and at the National Stock Exchange of India Ltd. (NSE) for the year under review is provided hereunder:

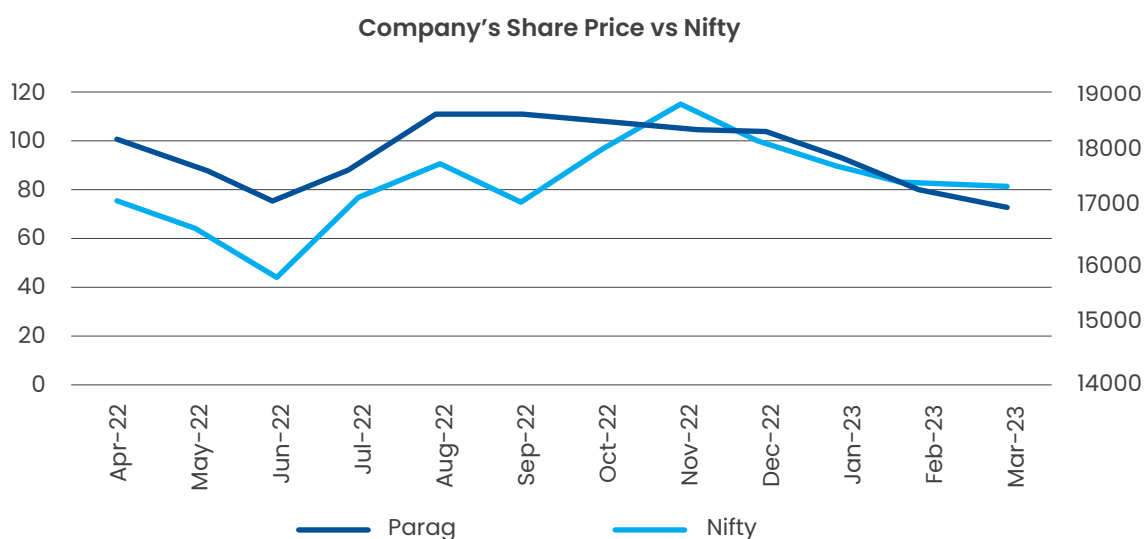
Month	BSE - FY 2022-23			NSE - FY 2022-23		
	High	Low	Closing	High	Low	Closing
Apr-22	112.30	97.10	101.00	112.40	96.60	100.95
May-22	101.90	83.45	89.30	104.90	83.25	89.35
Jun-22	92.00	69.00	74.00	92.00	69.05	74.25
Jul-22	97.50	65.50	91.45	97.45	65.50	91.30
Aug-22	116.00	89.25	111.05	115.90	89.40	111.10
Sep-22	131.75	107.20	111.95	128.60	107.10	111.50
Oct-22	116.00	105.40	106.70	116.05	105.35	106.65
Nov-22	113.60	99.60	104.95	113.70	98.80	104.90
Dec-22	112.75	95.40	102.90	113.20	95.00	102.85
Jan-23	106.60	90.00	91.00	106.95	89.95	90.95
Feb-23	94.00	76.50	78.50	94.40	76.45	78.50
Mar-23	83.30	68.00	72.65	83.60	68.05	72.75

Source: BSE and NSE Websites

IX. Performance of the Company's Equity Share Price In Comparison to BSE and NSE Indices

The performance of the Company's equity share price vis-à-vis the broad based BSE and NSE indices during the year is as under:





X. In Case the Securities are Suspended from Trading, the Directors Report shall Explain the Reason Thereof

Not applicable.

XI. Registrar and Share Transfer Agents

The Registrar and Share Transfer Agent ("RTA") of the Company, M/s. KFin Technologies Limited ("KFinTech") continues to act as the Registrar and Share Transfer Agent of the Company.

RTA is responsible to handle the entire share registry work, both physical and electronic shares. Accordingly, all documents, transfer deeds, demat requests and other communications in relation thereto should be addressed to the RTA at their office address given in the subsequent paragraph.

As an ongoing endeavour to enhance Investor experience and leverage new technology, our registrar and transfer agents, KFin Technologies Limited has been continuously developing new applications. Here is a list of applications that has been developed for our investors.

Investor Support Centre: A webpage accessible via any browser enabled system. Investors can use a host of services like Post a Query, Raise a service request, Track the status of their DEMAT and REMAT request, Dividend status, Interest and Redemption status, Upload exemption forms (TDS), Download all ISR and other related forms.

URL: <https://ris.kfintech.com/clientservices/isc>

eSign Facility: Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination requires that eSign option be provided to Investors for raising service requests. KFIN is the first RTA which has enabled the option and can be accessed via the link below:

URL: <https://ris.kfintech.com/clientservices/isc>

KYC Status: Shareholders can access the KYC status of their folio. The webpage has been created to ensure that shareholders have the requisite information regarding their folios.

URL: <https://ris.kfintech.com/clientservices/isc/kycqry.aspx>

KPRISM: A mobile application as well as a webpage which allows users to access Folio details, Interest and Dividend status, FAQs, ISR Forms and full suite of other investor services.

URL: <https://kprism.kfintech.com/signin.aspx>

WhatsApp: Modern technology has made it easier to communicate with shareholder across multiple levels. WhatsApp has a wider reach today with majority having a know-how of the application. In order to facilitate the shareholders KFIN has now a dedicated WhatsApp number that can be used for a bouquet of services.

WhatsApp Number: (91) 910 009 4099

KFin Technologies Limited

Unit: Parag Milk Foods Limited

Selenium Building, Tower B, Plot number 31 & 32,
Financial District, Nanakramguda,
Serilingampally,

Hyderabad, Rangareddy - 500 032.

Email ID: einward.ris@kfintech.com

Phone: +180030 94001

WhatsApp Number: 091000 94099

KPRISM: <https://kprism.kfintech.com>KFIN Corporate Website Link: <https://www.kfintech.com>Corporate Registry (RIS) Website Link: <https://ris.kfintech.com>Investor Support Centre Link: <https://ris.kfintech.com/clientservices/isc>Website: www.kfintech.com**A. Share Transfer System**

In terms of Regulation 40(1) of the Listing Regulations, securities can be transferred only in dematerialised form with effect from April 1, 2019. Subsequently, SEBI had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in dematerialised mode. Further, SEBI has effective from January 25, 2022, mandated to issue shares in Demat Mode only while processing any investor service requests viz. issue of duplicate share certificates, renewal/exchange of share certificate, sub-division/splitting/ consolidation of certificates,

transmission/ transposition, etc. In view of this and in order to eliminate the risks associated with physical shares, shareholders holding shares in physical form are advised to dematerialise the shares held by them. Shareholders are advised to refer the latest SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 issued for all the physical holders holding securities in listed companies to keep their KYC detail updated all the time to avoid freezing their folio as prescribed by SEBI.

The requests for transmission or transposition of securities held in physical form are registered and returned within a period of 15 days from the date of receipt in case the documents are complete in all respects for dematerialisation of shares and confirmation thereof is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.

Particulars of movement of shares in the dematerialized form are also placed before the Stakeholders' Relationship Committee.

In case of shares held in electronic form, the transfers are processed by NSDL and CDSL through respective Depository Participants. The Company obtains a certificate from Practicing Company Secretary as required under Regulation 40(9) of the Listing Regulations and the same is filed with the Stock Exchanges.

B. Shareholding Pattern as on March 31, 2023:**a) Distribution of equity shareholding as on March 31, 2023**

The broad shareholding distribution of the Company as on March 31, 2023 with respect to size of holdings was as follows:

Sr. No	Category (Amount)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1-5000	55,924	88.49	55,77,496	4.76
2	5001- 10000	3,540	5.61	28,43,807	2.42
3	10001- 20000	1,766	2.79	27,08,759	2.31
4	20001- 30000	626	0.99	16,10,001	1.37
5	30001- 40000	267	0.43	9,62,556	0.82
6	40001- 50000	279	0.44	13,18,507	1.12
7	50001- 100000	411	0.65	31,03,959	2.64
8	100001& Above	382	0.60	9,92,50,756	84.56
Total		63,195	100.00	11,73,75,841	100.00

The quarterly shareholding patterns filed with the stock exchanges are also available on the website of the Company and on the website of the stock exchanges where equity shares of the Company are listed i.e., BSE and NSE.

b) Categories of Equity Shareholding as on March 31, 2023

The shareholding pattern of the Company as on March 31, 2023 with respect to categories of investors was as follows:

Category of Shareholder(s)	No. of Shareholders	No. of Shares	% of No. of Shares
(A) Shareholding of Promoter and Promoter Group			
(a) Individuals	11	4,88,61,435	41.63
(b) Bodies Corporate	-	-	-
Total Shareholding of Promoter and Promoter Group (A)	11	4,88,61,435	41.63
(B) Public Shareholding			
(1) Institutions			
(a) Mutual Funds	0	0	0.00
(b) Banks/FI	0	0	0.00
(c) Venture Capital Funds	0	0	0
(d) Foreign Portfolio Investors	25	1,20,07,842	10.23
(e) NBFCs registered with RBI	3	1,85,250	0.16
(f) Alternative Investment Funds (Sixth Sense India Opportunities II & III)	2	45,04,503	3.83
(g) Any others	0	0	0
Sub-Total (B)(1)	30	1,66,97,595	14.22
(2) Non-Institutions			
(a) Bodies Corporate	308	1,29,68,039	11.05
(b) Individuals			
(i) Individual shareholders holding nominal share capital upto ₹2 lakh	59481	1,79,24,289	15.27
(ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	105	92,75,634	7.90
(c) Non Resident Indian (NRI)	922	13,01,331	1.11
(d) Foreign Companies	1	67,56,756	5.76
(e) Any Other (Specify)			
(i) Clearing Members	29	20,51,683	1.75
(ii) HUF	1168	13,62,064	1.16
(iii) Trusts	1	1000	0
Sub-Total (B)(2)	62015	5,16,40,796	44.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	62045	6,83,38,391	58.22
(C) Non Promoter - Non Public Shareholder			
(a) Custodian / DR Holder	-	-	-
(b) Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations 2014)	1	176,015	0.15
Total Shareholding of Non Promoter Non Public (C)	1	176,015	0.15
Total (A)+(B)+(C)	62057	11,73,75,841	100

c) Top ten equity shareholders of the Company as on March 31, 2023

Sr. No.	Shareholders	Total Shares	% of Holding
1	Devendra Prakash Shah	20206400	17.22
2	Netra Pritam Shah	13867027	11.81
3	Pritam Prakash Shah	9159888	7.80
4	AG Dynamic Funds Limited	7392250	6.30
5	International Finance Corporation	6756756	5.76
6	Poojan Devendra Shah	3295000	2.81
7	Sixth Sense India Opportunities III	2702702	2.30
8	IDFC Trustee Co. Ltd. A/C IDFC Infrastructure Fund	2416569	2.06
9	India Insight Value Fund	2265000	1.93
10	Priti Devendra Shah	2222820	1.89

C. Dematerialisation of Shares and Liquidity

The Company's shares are dematerialised and shares are held with both the depositories, viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2023, except three (3) shares held by one shareholder in physical form, all other shares are held in dematerialised form only.

D. Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity:

During the month of August, 2022, the Company issued 20,00,000 convertible warrants at a price of ₹93.75/- (including a premium of ₹83.75/-) to Ms. Akshali Shah (Member of Promoter group), entitling her for subscription of an equivalent number of equity shares of ₹10/- each at ₹93.75/- each (including premium of ₹83.75/- per share). In the month of November, 2022, the Company allotted 50,00,000 equity shares each to Mr. Devendra Shah (Promoter) and Mr. Netra Shah (Member of Promoter group) at a price of ₹111 (including a premium of ₹101) pursuant to conversion of fully paid up warrants which were issued in last FY 2021-22.

The Company has not issued any GDRs/ ADRs that are outstanding during the relevant Financial Year.

E. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities;

The Company does not deal in any commodities. The Company does not carry out any hedging activities for the same.

The Company does have forex transactions carried out but does not have any hedging activities.

F. Plant Locations

The Company has the following Manufacturing and Operating Divisions as on March 31, 2023:

Sr. No.	Plant	Locations
1.	Plant 1	Manchar Plant: Awasari Phata, Post Manchar, Tal. Ambegoan Dist., Pune, Maharashtra - 410503.
2.	Plant 2	Palamaner Plant: 149/1, Samudra Palli (Village), Pengaragunta (P.O.), Palamaner (Mdi), Chittoor (Dist.), A.P. - 517 408.
3.	Plant 3	Sonipat Plant: Plot No. 2266-2268, Food Park, Phase-2, HSIIDC Industrial Estate - Rai, Sonipat, Haryana - 131 029.

G. Address for Correspondence/ Investor Correspondence

- All Members correspondence should be forwarded to M/s. KFin Technologies Limited, the Registrar and Transfer Agent of the Company or to the Investor Relations team at the Corporate Office of the Company at the addresses mentioned below.
- The Company's dedicated e-mail address for Investors' Complaints and other communications is investors@parag.com
- SEBI vide its circular dated March 26, 2018 issued measures w.r.t. SEBI Complaints Redress System (SCORES). As per the process measures, SEBI requested the Members to approach the Company directly at the first instance for their grievances.

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)**Unit : Parag Milk Foods Limited**

Selenium Building, Tower B, Plot number 31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad, Rangareddy - 500 032.

Email ID: einward.ris@kfintech.com

Phone: +1800 309 4001

Website: www.kfintech.com

Compliance Officer

Mr. Virendra Varma

Company Secretary &
Compliance Officer

E-mail: cs@parag.com

Phone: (022) 62805555

Investor Relations

Ms. Sangeeta
Tripathi

Senior Manager -
Investor Relations

investors@parag.com

Phone: (022)
43005555

H. Credit Rating

All details of credit ratings obtained by the Company including any revisions thereto, during the FY 2022-23, have been included in the Directors Report forming part of this Annual Report.

13. OTHER DISCLOSURES

1. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.
2. Details of non-compliance by the Company, penalties, strictures imposed on it by stock exchange (s) or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There was no non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years except delay in filing of the Financial Results for the financial year ended on March 31, 2022 under Regulation 33 of Listing Regulations for which the Company had received show cause notice from BSE and NSE imposing fine of ₹0.155 Million by each of the Stock Exchanges. The Company has duly replied to such show-cause notice and had paid the fine and made an application for waiver of the same.
3. Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee

The Company has provided opportunities to encourage employees to become whistle blower It has also ensured a mechanism within the same framework to protect them from any kind of harm and the details are available at the Company's website, www.paragmilkfoods.com

No personnel has been denied access to the Audit Committee. No Complaints has been received by the Audit Committee from any employee of the Company.
4. Details of compliance with mandatory requirements and adoption of Non-mandatory requirements

The company has disclosed and complied with all the mandatory requirements under LODR Regulations with regard to Corporate Governance and the details of these compliances have been given in the relevant sections of this report and adoption of non-mandatory requirements is given in point 16 below.

5. Web link where policy for determining material' subsidiaries is disclosed	The policy for determining 'material subsidiaries' is disclosed at company's website https://www.paragmilkfoods.com/parag_uploads/PolicyForMaterialSubsidiaries.pdf
6. Web link where policy on dealing with related party is disclosed	The policy for dealing with Related Party transactions is disclosed at company's website https://www.paragmilkfoods.com/policy.php?id=40
7. Disclosure of commodity price risks and commodity hedging activities	Not applicable, as the Company is not dealing with any "commodities"
8. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)	<p>During the year, the Company has raised funds through preferential allotment viz. the Company issued and allotted Equity shares on preferential allotment basis in the following manner:</p> <ol style="list-style-type: none"> 1,10,00,000 equity shares of FV of ₹10/- each at a price of ₹93.75/- (including a premium of ₹83.75/-) per share, for a total consideration of ₹103.12 Crore to AG Dynamic Funds Ltd. (Investor) in the month of August, 2022. 10,00,000 equity shares of FV of ₹10/- each at a price of ₹93.75/- (including a premium of ₹83.75/-) per share, for a total consideration of ₹9.37 Crore to Pivotal Business Managers LLP (Investor) in the month of August, 2022. 20,00,000 convertible warrants at a price of ₹93.75/- (including a premium of ₹83.75/-) to Ms. Akshali Shah (Member of Promoter group), entitling her for subscription of an equivalent number of equity shares of ₹10/- each at ₹93.75/- each (including premium of ₹83.75/- per share) during the month of August, 2022 and has allotted 50,00,000 equity shares each to Mr. Devendra Shah (Promoter) and Mr. Netra Shah (Member of Promoter group) at a price of ₹111/- (including a premium of ₹101/-) pursuant to conversion of fully paid up warrants in the month of November, 2022.

Area of Utilisation of Funds:

1. Preferential Issue of Equity Shares:

For long term working capital requirements and other general corporate purposes.

2. Preferential Issue of Warrants:

For long term capital requirements for future growth of the Company, to meet its working capital requirements, other general corporate purposes and to reduce its debts.

9.	A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority	The Company has received a certificate from M/s. N. L. Bhatia & Associates, Practicing Company Secretaries confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.
10.	Where the board had not accepted any recommendation of any committee of the board which is mandatorily required in the relevant financial year, the same to be disclosed along with reasons thereof:	During the year, there has been no occasion where the Board has not accepted any recommendation of any of the committees.
11.	Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part:	<p>The Total Fees paid to M/s. Sharp & Tannan, Statutory Auditors for FY 2022-23:</p> <p>(i) Parag Milk Foods Limited - Total Audit Fees - ₹4.02 Million Audit Fees including Limited Review Fees - ₹2.64 Million Other Fees - ₹1.38 Million</p> <p>(ii) Bhagyalaxmi Dairy Farms Pvt. Ltd. - ₹0.44 Million</p>
12.	Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during FY 2022-23:	
	(i) Number of complaints filed	Nil
	(ii) Number of complaints disposed of	Nil
	(iii) Number of complaints pending	Nil
13.	Disclosure by Company and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.	Bhagyalaxmi Dairy Farms Private Limited - Wholly Owned Subsidiary (Mr. Devendra Shah - Chairman and Mr. Pritam Shah - Managing Director are Directors in it) - ₹300 Million
14.	Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.	Not Applicable as there is no Material Subsidiary of the Company as on March 31, 2023.
15.	Non-compliance of any requirement of corporate governance report of sub-paras mentioned above, with reasons thereof shall be disclosed.	Our company is fully compliant with LODR Regulations and there are no such non-compliances. Not applicable, since all the requirements have been complied with.

16. Extent to which the Discretionary i) requirements as specified in Part E of Schedule II have been adopted.	<p>The Board:</p> <p>The requirement relating to maintenance of office and reimbursement of expenses of Non - Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director.</p> <p>ii) Shareholder Rights:</p> <p>The Company has not adopted the practice of sending out half - yearly declaration of financial performance to shareholder. Quarterly results as approved by the Board are disseminated to the Stock Exchanges and updated on the website of the Company.</p> <p>iii) Modified Opinion(s) in Audit Report:</p> <p>There are no modified opinions in audit report.</p> <p>iv) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:</p> <p>The Company has appointed separate persons to the post of Chairperson and Managing Director. But the Chairperson is an Executive Director and related to the Managing Director.</p> <p>v) Reporting of Internal Auditor:</p> <p>In accordance with the provisions of Section 138 of the Act, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the reports and suggests necessary action.</p>
17. Directors and Officers Liability Insurance	As per the provisions of the Act and in compliance with Regulation 25(10) of the Listing Regulations, the Company has taken a Directors and Officers Liability Insurance (D&O) on behalf of all Directors including Independent Directors and Officers of the Company for indemnifying any of them against any personal liability coming onto them whilst discharging fiduciary responsibilities in relation to the Company.
18. The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 (2) of Listing Regulations.	The Company has complied with the requirements of Corporate Governance Report of Paras (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of the Listing Regulations in the respective places in this Report.
19. Disclosure of certain types of agreements binding the Company	For the Financial year 2022-23, disclosure under this section was not applicable.

14. Declaration signed by the Managing Director stating that the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the code of conduct of Board of Directors and Senior Management is annexed to this report (CEO/ CFO Certification).

15. Compliance certificate obtained from M/s. N. L. Bhatia & Associates, a firm of practicing company secretaries, regarding compliance of conditions of corporate governance, is annexed to this report.

16. Unclaimed Dividend:

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Act, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the IEPF, maintained by the Central Government.

Pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares on which dividends remain unpaid or unclaimed for a period of seven consecutive years or more shall be transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs.

In terms of the provisions of IEPF Rules, no amounts of unpaid / unclaimed dividends and shares were required to be transferred during the Financial Year 2022-23 to the IEPF.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on March 31, 2022 on the Company's website at www.paragmilkfoods.com. The details of unpaid and unclaimed amounts lying with the Company as on March 31, 2023 shall be updated within the prescribed timeframe from the date of ensuing AGM.

Details of Unclaimed Dividend as on March 31, 2023 and due dates for transfer are as follows:

Sr. No.	FY to which Dividend pertains	Date of Declaration of Dividend	Date of transfer to Unpaid Dividend Account (UDA)	Unclaimed Amount (₹)	Date of completion of 7 years after transfer to UDA
1.	2020-21	September 15, 2021	October 15, 2021	54602.50	October 14, 2028
2.	2019-20	September 29, 2020	October 29, 2020	92,440.87	October 6, 2027
3.	2018-19	September 30, 2019	October 30, 2019	2,30,341	October 31, 2026
4.	2017-18	September 19, 2018	October 19, 2018	40,276.5	October 20, 2025
5.	2016-17	August 9, 2017	September 11, 2017	37,796	September 10, 2024

Members can claim the unpaid dividend from the Company before it is transferred to the Investor Education and Protection Fund. As per the Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF), the transferred dividend can be claimed by the concerned member by making an application in Form IEPF-5 along with necessary documents to the IEPF authority.

Disclosure with respect to demat suspense account/ unclaimed suspense account:

Particulars	No. of Shareholders	No. of Equity Shares
a) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on April 1, 2022	Nil	Nil
b) Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	Nil	Nil
c) Number of shareholders to whom the shares were transferred from the Unclaimed Suspense Account during the year	Nil	Nil
d) Number of shareholders whose unclaimed dividends were transferred to the IEPF account in terms of Ministry of Corporate Affairs General Circular No. 12/2017 dated October 16, 2017	Nil	Nil
e) Aggregate number of shareholders and the outstanding Shares lying in the Unclaimed Suspense Account as on March 31, 2023	Nil	Nil
f) It is hereby confirmed that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	N.A.	N.A.

For **Parag Milk Foods Limited**

Sd/-

Devendra Shah
Chairman
(DIN: 01127319)

Date: August 5, 2023

Place: Mumbai

DECLARATION BY MANAGING DIRECTOR ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

To,

The Members of

Parag Milk Foods Limited

The Company has formulated a Code of Conduct for Board of Directors and Senior Management Personnel of the Company. The Code has been posted on the Website of the Company. It is hereby affirmed that all Directors and Senior Managers have complied with the Code of Conduct framed by the Company and a confirmation to this effect for the year 2022-23 has been obtained from all the Directors and Senior Management Personnel.

For **Parag Milk Foods Limited**

Sd/-

Pritam Shah

Managing Director & Interim CFO

(DIN: 01127247)

Place: Mumbai

Date: August 5, 2023

MANAGING DIRECTOR / CFO CERTIFICATE

To,
The Board of Directors,
Parag Milk Foods Limited

I, Pritam Shah – Managing Director & Interim CFO of Parag Milk Foods Limited, to the best of my knowledge and belief, certify that:

- 1) I have reviewed the Financial Statements for the Financial Year ended March 31, 2023 and to the best of my knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- 2) To the best of my knowledge and belief, no transactions entered into by the Company during the Financial Year ended March 31, 2023 are fraudulent, illegal or violates the Company's code of conduct.
- 3) I accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and I have evaluated the Effectiveness of Internal Control Systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- 4) I have indicated to the auditors and the Audit Committee that:
 - a. There has not been any significant change in internal control over financial reporting during the year under reference;
 - b. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - c. I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Parag Milk Foods Limited**

Sd/-

Pritam Shah

Managing Director & Interim CFO

(DIN: 01127247)

Place: Mumbai

Date: August 5, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
Parag Milk Foods Limited,
Flat No.1, Plot No.19,
Nav Rajasthan Soc., Behind Ratna Memorial Hospital,
S.B. Road, Shivaji Nagar
Pune- 411016

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Parag Milk Foods Limited having CIN L15204PN1992PLC070209 and having registered office at Flat No.1, Plot No.19, Nav Rajasthan Soc., Behind Ratna Memorial Hospital, S.B. Road, Shivaji Nagar, Pune - 411016 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Devendra Prakash Shah	01127319	29/12/1992
2.	Pritam Prakash Shah	01127247	29/12/1992
3.	Akshali Shah	06575079	25/12/2022
4.	Bharatkumar Mahendrabhai Vyas*	00043804	22/07/2010
5.	Ramesh Chandak*	00026581	24/06/2016
6.	Narendra Kumar Anand Ambwani	00236658	26/05/2015
7.	Radhika Dudhat	00016712	26/05/2015
8.	Nitin Ramchandra Dhavalikar	07239870	28/07/2015
9.	Nikhil Kishorchandra Vora	05014606	20/08/2021
10.	Dnyanesh Vishnu Darshane	08515431	25/12/2022

*Mr. B.M. Vyas and Mr. Ramesh Chandak have resigned as Directors of the Company w.e.f June 29, 2022 and August 12, 2022 respectively.

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

For M/s N. L. Bhatia & Associates

Practicing Company Secretaries

UIN: P1996MH055800

P/R No.: 700/2020

Sd/-

Bharat Upadhyay

Partner

FCS: 5436

CP. No.: 4457

UDIN: F005436E000679043

Date: July 26, 2023

Place: Mumbai

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Parag Milk Foods Limited

We have examined all the relevant records of Parag Milk Foods Limited ('the Company') for the purpose of certifying compliance of the conditions of Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period from April 1, 2022 to March 31, 2023. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For M/s N. L. Bhatia & Associates

Practicing Company Secretaries

UIN: P1996MH055800

P/R No.: 700/2020

Sd/-

Bharat Upadhyay

Partner

FCS: 5436

CP. No.: 4457

UDIN: F005436E000745450

Place: Mumbai

Date: August 5, 2023

Business Responsibility and Sustainability Report

[Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The present report has been compiled in accordance with the guidelines set forth by the Securities and Exchange Board of India (SEBI) for Business Responsibility and Sustainability Reporting (BRSR). Its principal aim is to exhibit enhanced transparency with respect to the means by which enterprises generate value by making active contributions to a sustainable economy. The report highlights our steadfast dedication to generating long-term value for our stakeholders while concurrently advancing sustainable development.

SECTION A: GENERAL DISCLOSURES

I DETAILS OF THE ENTITY

S. No	Particulars	Response
1.	Corporate identity Number (CIN) of the Entity	L15204PN1992PLC070209
2.	Name of the Entity	Parag Milk Foods Limited
3.	Year of incorporation	1992
4.	Registered office address	Flat No.1, Plot No.19, Nav Rajasthan Soc., behind Ratna Memorial Hospital, S.B. Road, Shivaji Nagar, Pune, Maharashtra- 411016
5.	Corporate office address	10 th Floor, Nirmal Building, Nariman Point, Mumbai-400021
6.	E-mail	cs@parag.com
7.	Telephone	(020) 4131-4444
8.	Website	www.paragmilkfoods.com
9.	Financial year for which reporting is being done	2022-23
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited, National Stock Exchange of India Limited
11.	Paid-up Capital	₹117,37,58,410/- (Divided into 11,73,75,841 equity shares of ₹10/- each.
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Sangeeta Tripathi (Sr. Manager - Investor Relations) Telephone: 022 - 4300 5555 Email address: investors@parag.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The disclosure under this report is on standalone basis for Parag Milk Foods Limited, unless otherwise specified

II PRODUCTS/SERVICES

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Food, beverages and tobacco products	100%

15 Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Ghee	15203	31.67%
2.	Cheese	15203	24.58%
3.	Skimmed Milk Powder	15201	18.33%
4.	Liquid Milk	15204	10.24%
5.	Manufacture of other dairy products	15209	15.19%

III OPERATIONS

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Our Company maintains a total of three manufacturing facilities situated in Manchar (Maharashtra), Palamaner (Andhra Pradesh), and Sonipat (Haryana).	a) Our Company has its registered office located in Pune, along with corporate offices in Mumbai, Pune and Delhi. Additionally, we operate a network of 29 depots strategically situated at various locations across India.	36 (Including depots at various locations)
International	Nil	Nil	Nil

17. Markets served by the entity:

a) Number of locations

Locations	Number
National (No. of States)	Our Company has a presence in all the States and Union Territories of India, demonstrating our comprehensive coverage and commitment to serving customers throughout the nation.
International (No. of Countries)	30 plus international Markets

b) Contribution of exports:

What is the contribution of exports as a percentage of the total turnover of the entity?	1.09%
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c) Type of Customers

Locations	Number
A brief on types of customers	<p>Our Company caters to a wide range of esteemed customers, leveraging the paramount Unique Selling Point (USP) of its products, which are meticulously processed from 100% cow's milk. With an extensive and robust distribution network comprising 29 strategically located depots, over 300 super stockists, and an extensive network of more than 3,000 distributors, our company effectively reaches and serves an extensive network of over 4.6 lakh retail counters across diverse geographical locations.</p> <p>Moreover, Our Company has successfully forged strong partnerships with reputable institutional and HORECA (Hotels, Restaurants, and Catering) customer. These valued customers rely on our exceptional product portfolio, including cheese, SMP3 and whey products to fulfil their distinct requirements and elevate their culinary offerings. By catering to these discerning customers, our Company reinforces its position in the market, showcasing its unwavering commitment to delivering unparalleled quality and catering to the diverse needs of its esteemed clientele.</p>

IV EMPLOYEES

18. Details at the end of Financial year:

a) Employees and workers (including differently abled):

Sr. Particulars No.		Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Employees						
1.	Permanent (D)	1188	1105	93%	83	7%
2.	Other than Permanent (E)	145	83	57%	62	43%
3.	Total employees (D + E)	1333	1188	89%	145	11%
Workers						
1.	Permanent (F)	528	520	98%	8	2%
2.	Other than Permanent (G)	741	514	69%	227	31%
3.	Total workers (F + G)	1269	1034	81%	235	19%

b) Differently abled Employees and workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Differently Abled Employees						
1.	Permanent (D)	2	1	50%	1	50%
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total employees (D + E)	2	1	50%	1	50%
Workers						
1.	Permanent (F)	7	7	100%	0	0
2.	Other than Permanent (G)	0	0	0	0	0
3.	Total workers (F + G)	7	7	100%	0	0

19. Participation/Inclusion/Representation of women:

Category	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	2	25%
Key Management Personnel	5*	1**	20%

*Includes: 1 – Managing Director, 2 – Whole time Director, 1– Company Secretary and 1 – Chief Financial Officer

**Includes: 1– Whole time Director

20. Turnover rate for permanent employees and workers:

(Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	41%	43%	41%	34%	46%	35%	35%	34%	35%
Permanent Workers	7%	0%	7%	7.5%	22%	8%	9%	9%	9%

V HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

21. Names of holding / subsidiary / associate companies / joint ventures:

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Bhagyalaxmi Dairy Farms Private Limited	Subsidiary	100%	No, nevertheless, the unlisted private subsidiary independently undertakes its own business responsibility initiatives while ensuring alignment with the Company's environmental, social, and governance (ESG) initiatives.

VI CORPORATE SOCIAL RESPONSIBILITY (CSR) DETAILS

Sr. No.	Requirement	Response
1.	Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
2.	Turnover as on March 31, 2022 (in Millions)	20,256.07
3.	Networth as on March 31, 2022 (in Millions)	5,490.93

VII TRANSPARENCY AND DISCLOSURES COMPLIANCES

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	-	0	0	-
Investors and shareholders	Yes	26	0	*	29	0	*
Employees and workers	Yes	0	0	-	0	0	-
Customers	Yes	0	0	-	0	0	-
Value Chain Partners	Yes	0	0	-	0	0	-

**All the received complaints have been successfully addressed and resolved.*

Our Company has developed an all-encompassing Stakeholder Management Policy aimed at establishing a structured framework for addressing concerns and grievances expressed by both internal and external stakeholder. This policy has been designed to proactively mitigate any potential social risks that could have a negative impact on Parag's operations.

Adhering to the policy, Our Company places significant emphasis on upholding the utmost level of confidentiality while handling grievances thereby, reducing conflicts and fostering strong stakeholder relationships. Stakeholders are strongly encouraged to utilize the dedicated channel for addressing grievances as outlined in the policy, particularly when alternative mechanisms are not readily accessible to them.

For more detailed information, please refer to Parag's Stakeholder Management Policy, accessible through the following web link: <https://www.paragmilkfoods.com/investors.php> under "Policies" tab in "Corporate Governance" section.

24. Overview of the entity's material responsible business conduct issues:

Material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to the business, rationale for identifying the same, approach to adapt or mitigate the risk alongwith its financial implications, as per the following format:

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	GHG Emissions	Risk	Greenhouse gas (GHG) emissions pose several risks for a dairy company which contributes to a significant amount of global emissions. Here are some points in which GHG emissions can be a risk for the dairy industry: Regulatory risk, Reputation risk, Operational risk, Market risk.	Improving feed efficiency, reducing manure emissions, implementing renewable energy, implementing conservation practices, investing in research and development, improving water and addressing public concerns about our Company's ecological impact.	Negative: Implementing measures to reduce GHG emissions, such as renewable energy systems has cost a significant upfront investment for the Company.
2.	Water Management	Risk	Water scarcity and poor water quality can pose a significant risk to dairy operations, as water is essential for the production of milk and other dairy products.	Our Company mitigates the risk of water management in several ways, including Implementing water conservation practices, monitoring water use, implementing water management plans etc.	Negative: Some potential areas where these risks could impact the Company financially are as follows: Decrease in productivity, Legal liability, Increased insurance costs, Regulatory fines and penalties.
3.	Waste Management	Risk	Improper waste management can lead to environmental pollution, legal liabilities, and also reputational damage.	Our Company mitigates the risks associated with waste management by implementing the following strategies: Reducing waste generation, Segregating and managing waste, implementing waste management plans, conducting Training and awareness.	Negative: Failing to implement effective waste management practices can have negative financial implications for including increased disposal costs, Production inefficiencies, environmental clean-up costs, non-compliance costs etc.

4.	Product Quality & Safety	Risk & Opportunity	<p>Product quality and safety can pose both risks and opportunities for our Company. Here are some reasons:</p> <p>Risk:</p> <p>Food safety concerns, cost of compliances, include hiring personnel, implementing quality control measures, and investing in technology to ensure product safety.</p> <p>Opportunity:</p> <p>Our Company differentiates themselves from competitors and establish a competitive advantage. Consumers are willing to pay more for products that are perceived to be of higher quality and safe for consumption. Prioritizing product quality and safety encourages innovation and differentiation within the industry.</p>	<p>Implementing quality control measures, investing in technology, developing a robust crisis management plan, educating employees & collaborating with regulators.</p>	<p>Negative:</p> <p>The potential areas where these risks could impact Parag financially are:</p> <p>Investment in technology, Increased compliance costs, impact on revenue, legal costs.</p>
5.	Customer Welfare	Opportunity	<p>Customer welfare presents a significant opportunity for our Company to improve the financial performance and grow the business. By prioritizing customer needs, Company can build trust and gain loyalty with amongst its customers, increase sales and revenue, and enhance their brand reputation and market positioning, which can all contribute to long-term success.</p>	-	<p>Positive:</p> <p>Overall, prioritizing customer welfare can have significant financial implications for the Company, including increased revenue, reduced costs, and improved supply chain efficiency, which can all contribute to improved financial performance and long-term success.</p>
6.	Business Model Resilience	Risk	<p>Our Company faces several risks to business model resilience, including supply chain disruptions, shifts in consumer preferences, price volatility, competition from alternative products, and technological disruptions.</p>	<p>Includes diversification, risk management strategies, innovation and technology, sustainability, and collaboration.</p>	<p>Negative:</p> <p>Financial implications on the Company includes costs of innovation and technology, reduced profitability of traditional dairy products, increased competition, market uncertainty, and regulatory risks.</p>

7.	Competitive Behaviour	Opportunity	Competitive behaviour is an opportunity for our Company, as it can lead to innovation, increased market share, improved efficiency, higher customer satisfaction, and overall industry growth.	-	Positive: Competitive behaviour has several positive financial impacts on our Company, including revenue growth, improved efficiency, innovation, brand awareness, customer loyalty, and overall industry growth.
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SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

S. No	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b) Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c) Web Link of the Policies, if available	https://www.paragmilkfoods.com/investors.php under "Policies" tab in "Corporate Governance" section.								
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes, The Company has translated the policies into procedures.								
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, These extend to value chain partners wherever it is relevant and to the extent applicable.								
4.	Name of the national and international codes / certifications/ labels / standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trusted standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Our Company's operations adhere to the National Guidelines on Responsible Business Conduct (NGBC).	Food Safety Management System ISO: 22000:2018, Halal Certificate 1500-2019.	Occupational Health and Management Systems OHSAS 45001:2018.	Our Company's operations adhere to the National Guidelines on Responsible Business Conduct (NGBC).	Our Company's operations adhere to the National Guidelines on Responsible Business Conduct (NGBC).	Environmental Management Compliance System ISO: 14001:2015, Certification on Energy Management 50001:2018.	Our Company's operations adhere to the National Guidelines on Responsible Business Conduct (NGBC).	Our Company's operations adhere to the National Guidelines on Responsible Business Conduct (NGBC).	Our Company's operations adhere to the National Guidelines on Responsible Business Conduct (NGBC).

5. Specific commitments, goals and targets set by the entity with defined timelines, if any.

S. Specific commitments, No goals	Description	Principle
1	<p>Water Management</p> <p>Objective: To optimise water management practices and ensure the efficient and sustainable use of water resources within our Company.</p> <p>Commitment: Our Company is committed to implementing water-efficient technologies and practices throughout its operations. We shall invest in equipment and systems that reduce water consumption, such as high-efficiency cleaning systems, water recycling systems, and automated water monitoring systems. Additionally, We shall prioritise water conservation measures and employee awareness programs to foster a culture of responsible water usage.</p> <p>Targets and Timeline: By Year 2026 we aim to achieve the following targets:</p> <ol style="list-style-type: none"> To reduce the water required per litre of milk at our facilities in Manchar and Palamaner. Increase water recycling by 20% by investing in advanced water treatment and recycling systems. Implement water efficient technologies and practices in production area of our products to achieve an overall reduction in water consumption. <p>These targets shall guide our efforts in improving water management practices, minimising water usage, and contributing to the long-term sustainability of water resources. We aim to regularly monitor and evaluate our progress to ensure the effective implementation of our commitments.</p>	P6
2	<p>Waste Management</p> <p>Objective: To establish effective waste management practices within our Company, focussing on waste reduction, recycling responsible disposal and minimising environment impacts.</p> <p>Commitment: Our Company is committed to implementing Proper waste segregation and handling procedures, responsible disposal methods, hazardous waste management protocols and promoting recycling and reuse initiatives. We shall prioritise the adoption of sustainable waste management practices across all our operations</p> <p>Targets and Timeline: By Year 2026, We aim to achieve the following targets:</p> <ol style="list-style-type: none"> Reduce waste generation by 8% through measures such as waste reduction programs, process optimisation and employee awareness campaigns. Increase waste recycling, Promote the use of materials within our Company and explore opportunities for circular economic practices. <p>These targets and timelines will guide our efforts in improving waste management practices, reducing waste generation and maximising resource efficiency. We shall regularly assess and monitor our progress to ensure the successful implementation of our commitments and contribute to a sustainable future.</p>	P6

3	Energy Management	<p>Objective: To achieve efficient energy management practices within our Company, focussing on optimising energy use, reducing consumption, promoting energy efficiency and increasing the adoption of renewable energy sources.</p> <p>Commitment: Our Company is committed to investing in energy-efficient equipment, providing employee training and awareness, adopting renewable energy systems, and continuously monitoring and reporting systems and improving our energy management practices through benchmarking and best practices.</p> <p>Targets and Timeline: By Year 2026, We aim to achieve the following targets:</p> <ol style="list-style-type: none"> 1. Reduce non-renewable energy consumption by 20% by investing in renewable energy infrastructure such as biogas and solar panels and exploring partnership for green energy procurements. 2. Implement energy monitoring and reporting systems to track energy consumption, identify areas for improvement and promote accountability. 3. Continuously improve energy management practices through benchmarking against industry standards and adopting best practices in energy efficiency. <p>These targets and timelines will guide our efforts in optimising energy management, reducing our environment footprint and transitioning towards a more sustainable energy future.</p>	P6
4	Product Quality & Safety	<p>Objective: To ensure production of high quality dairy products that consistently meet customer expectations in terms of taste, texture, appearance and nutritional contents.</p> <p>Commitment: Our Company is committed to implementing robust hygiene and sanitation practices across all stages of production. We will maintain clean and sanitised production facilities, adhere to strict sanitation procedures, and continuously monitor and control microbiological hazards to prevent contamination and ensure product safety.</p> <p>Targets and Timeline: Our Company aims to maintain and continuously improve the standards and best practices already in place for quality control, hygiene and sanitation.</p> <p>Our commitment to hygiene sanitation and quality control will be an integral part of our daily operations to maintain the trust and satisfaction of our customers.</p>	P2
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met	Our Company has set the specific commitments goals during the financial year 2022-23, the performance of the aforementioned targets shall be measured in the subsequent financial year and thus, it will be reported accordingly.	
Governance, leadership and oversight			
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements	<p>As the Director responsible for business responsibility, I am proud to report that our Company has made significant progress in addressing key Environmental, Social and Governance (ESG) challenges. Our focus on sustainability has not only helped us meet our targets but also improved the overall impact of our operations on the environment, our stakeholders and the communities we serve. We have achieved important milestones such as reducing our carbon footprint, increasing our engagement with suppliers to ensure ethical sourcing practices and investing in local communities through various initiatives. We are committed to continuously improving our ESG performance and are setting new targets for the future.</p> <p>- Pritam Shah, Managing Director (DIN: 01127247)</p>	

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	The Risk Management Committee is the highest authority responsible for implementation and oversight of the Business Responsibility policies.												
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details	<div>Risk Management Committee is entrusted with the task of making decisions on sustainability-related issues. In addition to this, the committee ensures that the organization adheres to all applicable sustainability regulations and laws and takes necessary action on related issues.</div> <table><tr><th>Name</th><th>Designation</th></tr><tr><td>Ms. Radhika Madhukar Dudhat DIN: (DIN: 00016712)</td><td>Non-Executive – Independent Director</td></tr><tr><td>Mr. Pritam Prakash Shah (DIN: 01127247)</td><td>Executive Director</td></tr><tr><td>Mr. Nitin Ramchandra Dhavalikar (DIN: 07239870)</td><td>Non-Executive – Independent Director</td></tr><tr><td>Mr. Dnyanesh Vishnu Darshane (DIN: 08515431)</td><td>Non-Executive – Independent Director</td></tr><tr><td>Ms. Akshali Devendra Shah (DIN: 06575079)</td><td>Executive Director</td></tr></table>	Name	Designation	Ms. Radhika Madhukar Dudhat DIN: (DIN: 00016712)	Non-Executive – Independent Director	Mr. Pritam Prakash Shah (DIN: 01127247)	Executive Director	Mr. Nitin Ramchandra Dhavalikar (DIN: 07239870)	Non-Executive – Independent Director	Mr. Dnyanesh Vishnu Darshane (DIN: 08515431)	Non-Executive – Independent Director	Ms. Akshali Devendra Shah (DIN: 06575079)	Executive Director
Name	Designation													
Ms. Radhika Madhukar Dudhat DIN: (DIN: 00016712)	Non-Executive – Independent Director													
Mr. Pritam Prakash Shah (DIN: 01127247)	Executive Director													
Mr. Nitin Ramchandra Dhavalikar (DIN: 07239870)	Non-Executive – Independent Director													
Mr. Dnyanesh Vishnu Darshane (DIN: 08515431)	Non-Executive – Independent Director													
Ms. Akshali Devendra Shah (DIN: 06575079)	Executive Director													

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Yes, performance against enlisted policies and necessarily follow up actions are duly reviewed by the Risk Management Committee.									Half yearly								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes, we comply with statutory requirements relevant to the principles with regard to Statutory requirements and review was undertaken by the Board of Directors.									Half yearly								

11. Independent assessment/ evaluation of the working of its policies by an external agency:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee
	P1 P2 P3 P4 P5 P6 P7 P8 P9
Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency.	<p>Yes, all the policies of the Company are internally evaluated.</p> <p>M/s. J Sundharesan & Associates, specialising in Compliance, Governance and Sustainability advisory has provided a 'limited assurance' on certain Identified Sustainability Indicators based on NGBRC.</p>

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)					-NA-				
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

The purpose of this section is to assist entities in showcasing their ability to effectively incorporate the principles and core elements into critical processes and decisions. The Company has complied with all mandatory disclosures stipulated under the Business Responsibility and Sustainability Reporting (BRSR) framework. Moreover, the Company is currently in the process of disclosing leadership indicators in its forthcoming financial years.

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE



A) ESSENTIAL INDICATORS:

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	04	<ul style="list-style-type: none"> Inclusive Growth and Equitable Development through CSR Initiatives Company's initiative on Integrated Renewable Energy & Sustainable Development Whistle Blower Mechanism Principles of BRSR 	87.50%
Key Managerial Personnel	03	<ul style="list-style-type: none"> Inclusive Growth and Equitable Development through CSR Initiatives Company's initiative on Integrated Renewable Energy & Sustainable Development Whistle Blower Mechanism 	100%
Employees other than BOD and KMPs	132	<ul style="list-style-type: none"> Corporate Induction Sales Training Grooming Session 	100%

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Workers	164	<ul style="list-style-type: none"> • GMP* • HACCP* • CCP* • Personal Hygiene • Corona Prevention • Energy Conservation & Department Operation • Safety • FOSTAC* 	100%

(GMP-Good Manufacturing Practice, HACCP-Hazardous Analysis and Critical Control Points, CCP-Critical Control Points, FOSTAC-Food Safety Training and Certification)

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

MONETARY					
Particulars	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

NON-MONETARY				
Particulars	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
-	-

4. Anti-corruption or Anti-bribery policy:

Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.	Yes, Our Company has an anti-corruption or anti-bribery policy. Its main objective is to initiate steps to reduce the bribery and corruption risks to the business of the Company by setting out clear guidelines. The document is applicable to all the employees, Directors, Business Partners/Vendors and Representatives or any other persons/individuals, who may be acting on behalf of our Company. The Policy compels them to be ethical, accountable and transparent in their day-to-day office work. It also lays down provisions for the board members as well as Key Management Personnel (KMP) for compliance with the code. The Policy can be accessed at https://www.paragmilkfoods.com/investors.php under "Policies" tab in "Corporate Governance" section.
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5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. Details of complaints with regard to conflict of interest:

	FY 2022-23 (Current Financial Year)		FY 2021-22 (Current Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

7. Corrective Actions:

Provide details of any corrective action taken or underway on issues related to fines / penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest

There are no material fines, penalties levied or actions taken by regulators, law enforcement agencies or judicial institutions related to cases of corruption and conflicts of interest hence, this section is not applicable to the Company.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE



A) ESSENTIAL INDICATORS:

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	Nil	Nil	NA
Capex-	100%	-	<ol style="list-style-type: none"> We have signed 8 MVA Solar Power agreements with Tata solar power for Purchasing, Shareholding & Power delivery. Present Status - PPA, SHA and PDA has been completed, Liaising work is in progress with regarding to metering, transmissions through MSEDCL distribution network. Expected completion by August 2023. Bio-gas Generation for Power Generation: Presently we are generating 2000 unit/day from biogas which is generated from ETP. We are using biogas (generated from ETP) for canteen that replaced 4 LPG cylinder per day, saving of 28000 Kg LPG per Year by using renewable source. We have replaced 1200 TR refrigeration from Freon to 134 A to reduce Ozone Depletion. The remaining Freon unit will be replaced till 2026.

2. Sustainable sourcing:

Does the entity have procedures in place for sustainable sourcing? (Yes/No)	<p>Yes, our Company upholds a healthy relationship with its suppliers, vendors and other service providers and the business practices of the Company include them in its growth strategy.</p> <p>Milk being most susceptible to contamination, it is very essential to move/ transport the milk to the chilling centre within hours of procurement to avoid spoilage of this natural resource. Our Company focuses on direct milk procurement from farmers and has state of art logistics infrastructure to transport the milk to the nearest chilling centre. Our Company has crafted extensive strategies to ensure that sustainable methods are being put in place in the procurement process, that the fresh milk from the farmers reaches the hands of Million of people in quick turnaround time.</p>
If yes, what percentage of inputs were sourced sustainably?	100%

3. Processes in place to reclaim products for reuse, recycle and safe disposal of products at the end of life:

Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.	<p>Since, We are dairy based Company, our products are of perishable nature (consumption base) they are not meant to be recycled. However, during our production process, we recycle effluent water used in our production facilities for washing milk storage tankers and crates, gardening etc.</p> <p>(a) Plastics (including packaging)</p> <p>Our Company engages with certified waste handlers for disposal of Plastic waste. Plastic waste is recycled through EPR and hazardous waste gets disposed of through certified vendor. In case of other waste which includes food waste, it gets converted to manure.</p> <p>(b) E-waste</p> <p>As environmentally responsible organization, the Company is disposing off electronic waste to authorised IT dismantling, refurbishing & servicing facility after using up to maximum period. The Company receives disposable and re-cycling certificates from the respective e-waste vendors.</p> <p>(c) Hazardous waste:</p> <p>Once the batteries reach the end of its life cycle, it is disposed off to authorised vendors under buyback policy with OEM's and used oil is handed over to the government authorised registered recycler.</p> <p>(d) Other waste:</p> <p>Our Company engages with certified waste handlers for disposal of waste. The Company receives disposable and re-cycling certificates from the respective waste vendors.</p> <p>The Company follows 3R's principles i.e., 'Reduce', 'Recycle' and 'Recover' to be environmentally sustainable.</p>
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4. Extended Producer Responsibility (EPR) plan:

Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes.

Our Company is committed to circularity in waste management. The Company received registration certificate for Brand Owner from Central Pollution Control Board in the month of June 2022, Reg number: Regn.No.BO-15-000-06-AABCP0425G-22. The waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards.

Collection targets set and met for FY 22-23 is as follows:

Sl. No	Financial Year	2022-23			
	State/UT	Cat-I	Cat-II	Cat-III	Cat-IV
1	CPCB	871.33	218.53	549.57	0.00
	Total	871.33	218.53	549.57	0.00
	Grand Total	1639.43	Metric Tons per Annum		

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS



A) ESSENTIAL INDICATORS:

1. A) Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)	
Permanent employees											
Male	1105	1105	100%	1105	100%	-	-	-	-	-	-
Female	83	83	100%	83	100%	83	100%	-	-	83	100%
Total	1188	1188	100%	1188	100%	83	7%	-	-	83	7%
Other than Permanent employees											
Male	83	83	100%	83	100%	-	-	-	-	-	-
Female	62	62	100%	62	100%	62	100%	-	-	62	100%
Total	145	145	100%	145	100%	62	43%	-	-	62	43%

B) Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)	
Permanent workers											
Male	520	520	100%	520	100%	-	-	-	-	-	-
Female	8	8	100%	8	100%	8	100%	-	-	8	100%
Total	528	528	100%	528	100%	8	1.5%	-	-	8	1.5%
Other than Permanent workers											
Male	514	514	100%	514	100%	-	-	-	-	-	-
Female	227	227	100%	227	100%	227	100%	-	-	227	100%
Total	741	741	100%	741	100%	227	31%	-	-	227	31%

2. Details of retirement benefits, for Current FY and Previous Financial Year:

Benefits	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Others please specify	-	-	-	-	-	-

3. Accessibility of workplaces:

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the offices are accessible to all its employees including differently abled persons. The employees are frequently consulted to improve and manage the mobility needs of differently abled persons.

4. Equal Opportunity Policy:

Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Human Rights Policy provides guidance to be fair and act against discrimination. Discrimination on the basis of race, sex, religion, age, disability, national origin, or other such factors is an explicit violation of this Policy. The policy can be accessed at <https://www.paragmilkfoods.com/investors.php> under "Policies" tab in "Corporate Governance" section.

5. Return to work and Retention rates of permanent employees and workers that took parental leave:

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	100%	100%	100%	100%
Total	100%	100%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief:

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes, The Company has a Whistle Blower and Protection of Whistle Blower Policy in place which provides guidance to raise a complaint in case of any concerns.
Other than Permanent Workers	Yes, Non-permanent workers on our Company's plants are contracted via 3 rd party and their grievance redressal mechanism rests with the contractors. The Company ensures that all norms and regulations are met while working on plants.
Permanent Employees	Yes, The Company has a policy for Whistle Blower and Protection of Whistle Blower Policy in place which provides guidance to raise a complaint(s) and protection of the person in case of any concerns.
Other than Permanent Employees	Yes, Vendors/contractors are governed under the agreements /contracts signed off. In case of any grievance, they can approach the concerned head of Department or Human Resource Head directly.

7. Membership of employees and worker in association(s) or Unions recognised by the entity:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/C)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	1188	NIL	-	1095	NIL	-
Male	1105	NIL	-	1014	NIL	-
Female	83	NIL	-	81	NIL	-
Total Permanent Workers	528	NIL	-	462	NIL	-
Male	520	NIL	-	453	NIL	-
Female	8	NIL	-	9	NIL	-

8. Details of training given to employees and workers:

Category	FY 2022-23 (Current Financial Year)					FY 2021-22 (Previous Financial Year)				
	Total (A)	On Health and safety		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	1105	1105	100%	1105	100%	1014	1014	100%	1014	100%
Female	83	83	100%	83	100%	81	81	100%	81	100%
Total	1188	1188	100%	1188	100%	1095	1095	100%	1095	100%
Workers										
Male	520	520	100%	520	100%	453	453	100%	453	100%
Female	8	8	100%	8	100%	9	9	100%	9	100%
Total	528	528	100%	528	100%	462	462	100%	462	100%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	1105	1105	100%	1014	1014	100%
Female	83	83	100%	81	81	100%
Total	1188	1188	100%	1095	1095	100%
Workers						
Male	520	520	100%	453	453	100%
Female	8	8	100%	9	9	100%
Total	528	528	100%	462	462	100%

10. Health and safety management system:

S. no	Particulars	Response
a)	Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?	<p>Yes, our Company has implemented OHSAS for the health and well-being of its employees. Awareness sessions are conducted on safety related aspects for the employees. Training related to Hazard Analysis Critical Control Point (HACCP) and Total Productive Maintenance are also provided.</p> <p>Our Company is focused on both, the physical and mental well-being of its employees and has organized various programs and discussions with well-being experts and medical practitioner.</p>
b)	What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	All work-related hazards involved in the routine activities are identified and assessed using Hazard Identification and Risk Assessment (HIRA) and control measures are put in place. The site risk register is reviewed and updated accordingly. In addition regular Audits (either paid by ourselves or a customer) are conducted to identify work-related hazards and assess risks on a routine and non-routine basis.
c)	Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)	<p>Yes, our Company has clear processes for reporting work-related hazards to their supervisors or designated safety officer. These processes includes both formal reporting mechanisms, such as incident reports, and informal reporting mechanisms, such as verbal reporting. Workers are also trained on how to identify and report hazards in their workplace.</p> <p>Additionally, regular safety audits and training are conducted to ensure workers are aware of and follow these processes.</p>
d)	Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes, each location has undertaken various certifications and follow the Group policy towards employee safety and wellbeing.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one Million-person hours worked)	Employees	Nil	Nil
	Workers	Nil	Nil
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	Nil	Nil
No. of fatalities	Employees	Nil	Nil
	Workers	Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	Nil	Nil

12. Measures to ensure a safe and healthy workplace:

Describe the measures taken by the entity to ensure a safe and healthy workplace.	<p>To ensure a safe and healthy workplace, our Company has implemented several measures.</p> <ul style="list-style-type: none"> • Firstly, regular safety audits and risk assessments are conducted to identify and address potential hazards. • Secondly, workers receive comprehensive safety training and be equipped with appropriate personal protective equipment. • Thirdly, the entity has established clear protocols for reporting and addressing work-related hazards, as well as mechanisms for workers to provide feedback and suggest improvements. • Fourthly, regular health checks and medical screenings are provided to workers to identify and address any health issues. • Lastly, the Company has established safety culture by promoting safety and health awareness among workers.
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13. Number of Complaints on the following made by employees and workers:

Category	FY (2022-23) Current Financial Year			FY (2021-22) Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Corrective Actions:

Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.	There were no incidents relating to safety during the year. However, the Company has been following standard operating procedures to comply with state/local level regulations and ensure safety and hygiene protocols.
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PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

A) ESSENTIAL INDICATORS:
1. Identification of stakeholder group:
Describe the processes for identifying key stakeholder groups of the entity

Our Company has developed a Stakeholder Engagement Framework for identification of Stakeholder In line with this framework, the stakeholder identification process at Parag comprises of the following phases:

- Analysis of business processes and identification of all interested, and impacted groups for each process.
- Classification of stakeholders in homogenous categories (according to relevance to the Company or to the stake they hold).
- Identification of priority groups within each category.

The above process helps in identification of stakeholders:

- who are directly or indirectly dependent on our company's activities, products or services and associated performance, or on whom Parag is dependent in order to operate, or
- to whom our Company has, or in the future may have, legal, commercial, operational, or ethical/moral responsibilities, or
- who can influence or have impact on our company's strategic or operational decision-making.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	<ul style="list-style-type: none"> Annual General Meeting Shareholders meets Email Stock Exchange (SE) Intimations Investor/analysts meet Conference calls Annual report Quarterly results Media releases and Company/SE website Notice Newspaper advertisements One-on-one interaction Feedback surveys and calls post redressal of complaints 	Quarterly, Half yearly, annually and event based	<ul style="list-style-type: none"> Share price appreciation, dividends, profitability and financial stability Robust ESG practices climate change risks, cyber risks, growth prospects Queries/ suggestions/ assurance/ complaints etc Understanding shareholders' expectations

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government/ Regulatory authorities	No	<ul style="list-style-type: none"> E-mails and letters Conferences Industry forums Regulatory filings Meetings with officials Representations 	On periodical basis as provided under relevant legislations	In relation to Compliances with applicable laws, Industry concerns, changes in regulatory frameworks, skill and capacity building, employment
Customers	No	<ul style="list-style-type: none"> Partnering with them in their journey from products to services One-on-one interaction Customer satisfaction survey Feedback surveys and calls post redressal of complaints Customer service helpline Email, Telephone and physical and VC Meetings 	Fortnightly	<ul style="list-style-type: none"> Queries/ suggestions/ assurance/ complaints etc Understating the customers' requirements
Employees	No	<ul style="list-style-type: none"> Personalised learning and development programmes Regular performance review and feedback One-on-one engagement, town hall meetings Employee engagement surveys Programmes catered around overall wellbeing Intranet Portal Emails, Notice Board, Meetings 	Daily	Listening to employee concerns, conducting meetings, People voice meeting, suggestion schemes, conducting enquiries
Bankers	No	<ul style="list-style-type: none"> Periodical Meetings Periodical Reports Emails 	Requirement basis	<ul style="list-style-type: none"> Understand the banking compliance Maintaining rapport with our bankers Banking/Credit facilities.
Community	No	<ul style="list-style-type: none"> Collaboration with non-governmental organisations (NGOs) Field visits CSR and sustainability initiatives Skill development One-on-one interactions. 	Periodically	Integrated water management, clean water, Natural Resource Management, community development, livelihood support, disaster relief, education, Skill development.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Waste Collection Agents	No	<ul style="list-style-type: none"> Emails Need based meetings 	Requirement basis	Compliance to legal requirements, to carry out sound management of the waste generated by the Company
Subsidiary	No	<ul style="list-style-type: none"> Emails Need based meetings Periodical Reports 	Quarterly and Requirement basis	Discussions on major Investment/ expansion plans', sharing of performance Data, facilitate decision making on major topics
Peers	No	<ul style="list-style-type: none"> Industry events and conferences Trade associations and industry groups Market research and analysis Benchmarking studies 	Requirement basis	To provide considerations and share insights on global developments
Board of Directors	No	<ul style="list-style-type: none"> Board Meetings – Engage with Board members through regular board meetings, either in person or virtually, to discuss Company's performance, strategy, and challenges. Meetings usually happen on a regular basis, such as quarterly. Board Committees – Engage with Board committee members, such as Audit, CSR, and Risk Management committees, for more focused updates and discussions on specific areas of the Company's operations. Board Reports – Provide regular reports to the Board on Company's performance and progress towards strategic goals. Reports may include financial updates, key performance indicators, or other relevant information. Informal Updates – Provide informal updates to Board members on an ongoing basis through channels such as emails, phone calls, or meetings outside of regular Board meetings. 	Quarterly and on any event/need basis	Company's business operations, planning, strategies etc

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**A) ESSENTIAL INDICATORS:**

- Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	1188	1188	100%	1095	1095	100%
Other than permanent	145	145	100%	186	186	100%
Total Employees	1333	1333	100%	1281	1281	100%
Workers						
Permanent	528	528	100%	462	462	100%
Other than permanent	741	741	100%	215	215	100%
Total Workers	1269	1269	100%	677	677	100%

- Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2022-23 (Current Financial Year)					FY 2021-22 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	1188	-	-	1188	100%	1095	-	-	1095	100%
Male	1105	-	-	1105	100%	1014	-	-	1014	100%
Female	83	-	-	83	100%	81	-	-	81	100%
Other than Permanent	145	-	-	145	100%	186	-	-	186	100%
Male	83	-	-	83	100%	103	-	-	103	100%
Female	62	-	-	62	100%	83	-	-	83	100%
Workers										
Permanent	528	-	-	528	100%	462	-	-	462	100%
Male	520	-	-	520	100%	453	-	-	453	100%
Female	8	-	-	8	100%	9	-	-	9	100%
Other than Permanent	741	-	-	741	100%	215	-	-	215	100%
Male	514	-	-	514	100%	76	-	-	76	100%
Female	227	-	-	227	100%	139	-	-	139	100%

3. Details of remuneration/salary/wages, in the following format:

Category	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	2	20 Lacs	1	4.32 Lacs
Key Managerial Personnel	2	1.65 Lacs	-	-
Employees other than BoD and KMP	1104	0.30 Lacs	82	0.23 Lacs
Workers	520	0.16 Lacs	8	0.17 Lacs

4. Focal point for addressing human rights:

Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)	Yes, the Company has established dedicated teams within its Human Resources Department at the various operating facilities, which is tasked with addressing any human rights concerns that may arise.
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5. Internal mechanisms in place to redress grievances related to human rights issues:

Describe the internal mechanisms in place to redress grievances related to human rights issues.	<p>Our Company has established several internal mechanisms to address grievances related to human rights issues. Firstly, a confidential and accessible complaint system is in place, allowing individuals to raise any concerns they may have regarding human rights. The complaints are then investigated by the dedicated team and any necessary remedial action is taken.</p> <p>Additionally, the Company provides training and resources to all employees on human rights and encourages a culture of respect and inclusion. Regular assessments and audits are also conducted to monitor compliance with our human rights policies and to identify any areas for improvement.</p> <p>Moreover, the Company maintains open lines of communication with stakeholders, including local communities, civil society organizations, and relevant government agencies to ensure that all grievances are heard and addressed in a timely and effective manner.</p> <p>In sum, our Company is committed to creating an inclusive and equitable environment for all and has established several mechanisms to redress grievances related to human rights issues.</p>
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6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/ Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Prevention of discrimination and harassment cases:**Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

Our Company is committed to a workplace free from harassment, including sexual harassment at the workplace and has zero tolerance for such conduct. Our Company encourages reporting of any harassment concerns and is responsive to complaints about harassment or other unwelcome or offensive conduct. Committees have been constituted across locations to enquire into complaints of sexual harassment and to recommend appropriate action, wherever required. Necessary disclosures in relation to the sexual harassment complaints received and redressal thereof are provided in our Annual Report. Regular awareness and training sessions are conducted to ensure that the employees are fully aware of the aspects of sexual harassment and of the redressal mechanism.

8. Human rights requirements forming part of your business agreements and contracts:**Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, Our Company ensures that its suppliers/contractors comply with the law of the land regarding human rights by getting such clauses incorporated in their respective contracts/agreements.

9. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	None

10. Corrective Actions to address significant risks / concerns arising from the assessments:**Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Our Company takes its commitment to human rights seriously and has established a robust policy to address significant risks and concerns related to child labour, forced labour, sexual harassment, discrimination and wages. This includes regular assessments to identify any potential violations and regular training for employees to promote awareness and prevent such incidents. In the event of any violations being identified, the company takes prompt and effective corrective action, which may include suspension of work, termination of contracts, or even legal action as appropriate. Additionally, the Company continuously reviews and strengthens its policies and procedures to ensure that human rights are upheld across all operations.

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT



A) ESSENTIAL INDICATORS:

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	15,41,90,457.9 MJ	14,55,70,640.2 MJ
Total fuel consumption (B)	77,91,22,931.2 MJ	83,87,92,450.4 MJ
Energy consumption through other sources (C)	62,29,262.8 MJ	45,83,675 MJ
Total energy consumption (A+B+C)	93,95,42,651.9 MJ	98,89,46,765.6 MJ
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.0329	0.0488

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not conducted any independent assessment/ evaluation by an external agency.

2. Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India:

No, We do not have any sites/facilities as Designated Consumers (DCs) under the PAT scheme of the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-2023	FY 2021-2022
Water withdrawal by source (in kilolitres)		
(i) Surface water	54,670	27,817
(ii) Groundwater	2,35,719	2,07,809
(iii) Third party water	44,054	66,922
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	3,34,443	3,02,548
Total volume of water consumption (in kilolitres)	3,34,443	3,02,548
Water intensity per rupee of turnover (Water consumed / turnover)	0.00001172	0.00001493
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not conducted any independent assessment/ evaluation by an external agency.

4. Mechanism for Zero Liquid Discharge:

Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Our Company is committed to reducing its environmental impact and preserving the planet for future generations. That's why we have implemented a zero liquid discharge program, aimed at eliminating all liquid waste from our operations. Our program covers all aspects of our operations and is designed to minimize the release of harmful chemicals and other pollutants into the environment. We have invested in state-of-the-art treatment and discharge systems and are constantly seeking new ways to improve our processes and reduce our environmental impact. During our production process, we recycle effluent water used in our production facilities for washing milk storage tankers, crates, gardening etc.

We believe that this is a critical component of our commitment to sustainability and are proud of the progress we have made in this area. We shall continue to prioritize zero liquid discharge and to seek out opportunities to further reduce our environmental impact.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-2023	FY 2021-2022
NOx	µg/m ³	30.2	27.4
SOx	µg/m ³	26	25.1
Particulate matter (PM)	µg/m ³	65.1	66.1
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not conducted any independent assessment/ evaluation by an external agency

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-2023	FY 2021-2022
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	93,775.722	1,02,343.849
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	40,603.845	38,429.021
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent	0.000004709	0.000006949
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	Metric tonnes of CO ₂ equivalent	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not conducted any independent assessment/ evaluation by an external agency.

7. Project related to reducing Green House Gas emission:

Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

As Part of its initiative to reduce the GHG emissions, the Company has implemented following concepts in various sites to reduce energy consumption and minimise the carbon footprint.

- We have signed 8 MVA Solar Power agreements with Tata solar power for Purchasing, Shareholding & Power delivery. Present Status - PPA, SHA and PDA has been completed. Liaising work is in progress with regards to metering, Transmissions through MSEDCL distribution network. Expected completion by August 2023.
- Bio-gas Generation for Power Generation: Presently we are generating 2000 unit/day from biogas which is generated from ETP
- We are using biogas (generated from ETP) for canteen that replaced 7 LPG cylinder per day, saving of 49,000 Kg LPG per Year by using Renewable source.
- We have replaced 1200 TR refrigeration from Freon to 134 A to reduce Ozone Depletion, remaining Freon unit will be replaced till 2026.
- We have replaced 12 TR refrigeration from R22 to R407C to reduce Ozone Depletion, remaining Freon unit will be replaced till 2026.
- We are using wood briquettes for boilers which results in reducing the coal consumption by 6 tons.
- Biogas generation (from cow dung) & utilisation for power generation at cow farm from which we are generating 1800 unit / Day from biogas.
- Parag Milk Foods Limited and Iri Soil Agro Tech Pvt. Ltd is implementing an integrated renewable energy and sustainable agriculture scheme for Parag milk producers. Under this scheme, it is providing household level biogas plant, slurry filtration unit, vermicomposting bag and ozola bag. Till date about 250 milk producers have been given complete units as above free of cost. Due to this scheme, the beneficiary milk producers will not have to purchase gas cylinders throughout the year.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-2023	FY 2021-2022
Total Waste generated (in metric tonnes)		
Plastic waste (A)	64.73 MT	60.83 MT
E-waste (B)	1.99 MT	Nil
Bio-medical waste (C)	20 Grams	45 Grams
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	2.67 MT	Nil
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any. (G)	Used or spent Oil – 3.1 KL	Used or spent Oil – 3.76 KL
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	ETP Sludge-326 MT Fly Ash-652.65 MT Bio-degradable: Food Waste-36.39 MT Paper Waste-125.3 MT Wood-12.78 MT Non-biodegradable: Aluminium-0.49 MT Iron-10.35 MT	ETP Sludge-479.2 MT Fly Ash-1044.82 MT Bio-degradable: Food Waste-63.17 MT Paper Waste-136.60 MT Wood-7.87 MT Non-biodegradable: Aluminium-1.12 MT Iron-37.23 MT
Total (A+ B + C + D + E + F + G + H)	(i) 1,233.36 MT (A+B+D+E+H) (ii) 20 Grams (C) (iii) 3.1 KL (G)	(i) 1830.84 MT (A+B+D+E+H) (ii) 45 Grams (C) (iii) 3.76 KL (G)

Parameter	FY 2022-2023	FY 2021-2022
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste:		
(i) Recycled	69.39 MT	60.83 MT
(ii) Re-used	326 MT	479.2 MT
(iii) Other recovery operations	-	-
Total	395.39 MT	540.03 MT
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste:		
(i) Incineration	20 Grams	45 Grams
(ii) Landfilling	827 MT	1,252.46 MT
(iii) Other disposal operations	3.1 KL, 10.84 MT	3.76 KL, 38.35 MT
Total	(i) 20 Grams (ii) 837.84 MT (iii) 3.1 KL	(i) 45 Grams (ii) 1290.81 MT (iii) 3.76 KL

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company has not conducted any independent assessment/ evaluation by an external agency.

9. Waste management practices adopted in the establishment:

Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.	<p>Our Company ensures responsible waste management practices involving 100% recycling of plastic waste as EPR, 100% Fly ash use, ETP treated water usage for gardening & agriculture, safe disposal of waste across locations.</p> <p>Biogas generated during Effluent treatment (within the plant) is used for Cooking & Electricity generation.</p>
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10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
The Company does not have any operations/offices in/around ecologically sensitive areas.			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable, Environmental impact assessment of projects were not required to be undertaken by the Company during the current financial year.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, We are compliant with the applicable environmental law / regulations / guidelines in India.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT



A) ESSENTIAL INDICATORS:

1. A) Affiliations with trade and industry chambers/ associations:

Number of affiliations with trade and industry chambers/ associations.	3
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B) List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to:

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	Federation of Indian export organization (FIEO).	National
2.	Confederation of Indian Industries (CII)	National
3.	Indian Dairy Association	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities:

Name of authority	Brief of the case	Corrective action taken
-	-	-

The Company has not engaged in any anti-competitive conduct.

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT



A) ESSENTIAL INDICATORS:

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
N. A					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
-						

This section is not applicable to the Company.

3. Community redressal mechanism:

Describe the mechanisms to receive and redress grievances of the community.

Grievance Redressal Mechanism (GRM) is an important aspect of assuring our strong relation with the community as it provides us social license to operate and execute the community initiative projects. As part of our grievance redressal mechanism, We have deployed our local employees who regularly visit the community and interact with people to gauge and address community concerns. Based on these interactions, We have not encountered any specific grievances from the community at present.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	-	-
Sourced directly from within the district and neighbouring districts	100%	100%

- Predominant portion of the Company's raw material is raw milk, which is procured from over two lakh farmers and is therefore 100% sustainable sourcing.
- Our Company upholds a healthy relationship with its suppliers, vendors and other service providers and the business practices of the Company include them in its growth strategy. Our Company endeavours to integrate social, ethical and environmental factors in its operating / strategic decisions across its entire supply chain. Moreover, the Company strives to reduce the distance travelled overall by its products, thereby reducing emissions on account of transportation.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER



A) ESSENTIAL INDICATORS:

1. Consumer Complaints and feedback:

Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

- We are dedicated to providing our customers with the highest level of service and products. We understand that, at times, things may not go as planned and that is why, We take consumer complaints very seriously. Our commitment to listening to and addressing the concerns of our customers is unwavering.
- We have established a robust system for receiving and responding to consumer complaints, ensuring that all feedback is heard and acted upon in a timely manner. Our dedicated customer service team is trained to handle any situation with professionalism and empathy and they work closely with our product teams to find solutions to any issues that may arise.
- We believe that every customer deserves to have his/ her voice heard and We are committed to providing them with the support and attention they deserve. We are proud to have built a reputation for exceptional customer service and we shall continue to prioritize the satisfaction of our customers in all that we do.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Category	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

3. Number of consumer complaints in respect of the following:

Category	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	-	Nil	Nil	-
Advertising	Nil	Nil	-	Nil	Nil	-
Cyber-security	Nil	Nil	-	Nil	Nil	-
Delivery of essential services	Nil	Nil	-	Nil	Nil	-
Restrictive Trade Practices	Nil	Nil	-	Nil	Nil	-
Unfair Trade Practices	Nil	Nil	-	Nil	Nil	-
Other	Nil	Nil	-	Nil	Nil	-

4. Details of instances of product recalls on account of safety issues:

Particulars	Number	Reasons for recall
Voluntary recalls	Nil	N.A.
Forced recalls	Nil	N.A.

- There have been no instances of product recall (voluntary or forced) on account of safety issues during the financial year 2022-23.

5. Cyber security policy:

Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company has in place a Cyber Security Policy which provides for information security for protection of the Company's data, applications, networks and computer systems from unauthorized access, alteration and destruction. The Policy also provides the guidelines to protect data integrity based on data classification and secure the Company's information systems.

Our Company's Cyber Security Policy defines the framework/policy on cyber security and risks related to data privacy. Our Company's Privacy Policy is part of Information Management Process and is published on our website which can be accessed at <https://www.paragmilkfoods.com/investors.php> under "Policies" tab in "Corporate Governance" section.

6. Corrective Actions:

Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/ action taken by regulatory authorities on safety of products/ services.

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Independent Auditor's Report

To the Members of Parag Milk Foods Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Parag Milk Foods Limited (the 'Company'), which comprise the Standalone Balance Sheet as at 31st March, 2023, the Standalone Statement of Profit and Loss, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. Key Audit Matters No.	How our audit addressed the key audit matters
1. Inventories (Refer Note 9 to the standalone financial statements)	<p data-bbox="632 1310 1414 1339">Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li data-bbox="632 1361 1461 1420">i. Evaluation of the design and testing of the implementation of internal controls relating to physical inventory counts on a test basis; <li data-bbox="632 1435 1461 1494">ii. Performance of test of controls over verification of documentary evidence of controls including the calculation of shrinkages; and <li data-bbox="632 1509 1461 1624">iii. Performance of test of details through sample selection of stores as part of the inventory verification program, including verification of inventory from floor to documentary evidence and vice versa and verification of shrinkage.

Sr. Key Audit Matters No.	How our audit addressed the key audit matters
2. Valuation and existence of inventories (Refer Note 9 to the standalone financial statements)	<p data-bbox="632 376 1461 517">In order to ascertain the existence of inventories, we assessed and reviewed the controls implemented and executed by the Company to ensure the existence of inventories. We observed the periodic physical inventory counts. We also performed analytical procedures as well as tests of details of individual transactions.</p> <p data-bbox="632 533 1461 674">As for the valuation of inventories, we assessed and reviewed the controls relating to valuation. For materials and supplies, we compared the price recognized in the balance sheet to the latest purchase invoice, to ensure that the inventory of materials and supplies is valued in accordance with the accounting policies applied.</p> <p data-bbox="632 689 1461 745">To address the risk for material error on inventories, our audit procedures included amongst other:</p> <p data-bbox="632 761 1461 817">Assessing the compliance of Company's accounting policies over inventory with applicable accounting standards.</p> <p data-bbox="632 833 1461 889">Assessing the inventory valuation processes and practices. On major locations we tested the effectiveness of the key controls.</p> <p data-bbox="632 904 1461 960">Assessing the analyses and assessment made by management with respect to slow moving and obsolete stock.</p> <p data-bbox="632 976 1461 1021">We assessed the adequacy of the company's disclosures related to inventories.</p>
3. Valuation of trade receivables (Refer Note 10 to the standalone financial statements)	<p data-bbox="632 1075 1461 1104">Our audit procedures included but were not limited to the following:</p> <p data-bbox="632 1120 1461 1205">(a) Understanding the trade receivables process with regards to valuation and evaluation of controls designed and implemented by the management;</p> <p data-bbox="632 1220 1461 1276">(b) Assessment of the appropriateness of the Company's credit risk policy and obtaining an understanding on management of credit risk;</p> <p data-bbox="632 1292 1461 1518">(c) Control testing:</p> <ul data-bbox="676 1332 1461 1518" style="list-style-type: none"> <li data-bbox="676 1332 1461 1417">• Obtaining an understanding on credit approvals, establishing credit limits and continuous monitoring of creditworthiness of customers to which the Company grants the credit in normal course of business. <li data-bbox="676 1433 1461 1518">• Obtaining understanding on how the Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade receivables. <p data-bbox="632 1534 1461 1989">(d) Tests of details:</p> <ul data-bbox="676 1574 1461 1989" style="list-style-type: none"> <li data-bbox="676 1574 1461 1659">• We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements; <li data-bbox="676 1675 1461 1794">• We have verified the underlying supporting documents like acceptance of invoices along with various correspondence carried out by the management of the Company with trade receivable for realization of money; <li data-bbox="676 1809 1461 1865">• We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables; <li data-bbox="676 1881 1461 1989">• We have verified the appropriateness of judgments regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Company's provisioning policies. <p data-bbox="632 2004 1461 2076">We have conducted discussion with management as to the recoverability of the old outstanding and corroborating management's explanations with underlying documentation and correspondence with the customers.</p>

Sr. Key Audit Matters No.	How our audit addressed the key audit matters
4. Revenue recognition (Refer Note 25 to the standalone financial statements)	<p data-bbox="630 376 1453 436">Our key audit procedures around revenue recognition included, but were not limited to, the following:</p> <ul data-bbox="630 450 1453 1384" style="list-style-type: none"> <li data-bbox="630 450 1453 562">• Assessed the appropriateness of the revenue recognition accounting policies of the Company including those relating to rebates and trade discounts, by evaluating compliance with the applicable accounting standards; <li data-bbox="630 584 1453 667">• Evaluated the design and tested the operating effectiveness of the relevant key controls with respect to revenue recognition including general and specific information technology controls; <li data-bbox="630 689 1453 801">• Performed substantive testing on selected samples of revenue transactions recorded during the year by testing the underlying documents including contracts, invoices, goods dispatch notes, shipping documents and customer receipts, wherever applicable; <li data-bbox="630 824 1453 936">• Understood and evaluated the Company's process for recording of the accruals for discounts and rebates and ongoing incentive schemes and on a test basis, verified the year-end provisions made in respect of such schemes; <li data-bbox="630 958 1453 1019">• Performed analytical review procedures on revenue recognised during the year to identify any unusual and/or material variances; <li data-bbox="630 1041 1453 1102">• Performed confirmation and alternative procedures on selected invoices outstanding as at the year-end; <li data-bbox="630 1124 1453 1207">• Tested a select sample of revenue transactions recorded before the financial year end date to determine whether the revenue has been recognised in the appropriate financial period; <li data-bbox="630 1229 1453 1290">• Tested a sample of manual journal entries posted to revenue ledgers to identify any unusual items; and <li data-bbox="630 1312 1453 1384">• Evaluated the appropriateness and adequacy of disclosures in the consolidated financial statements in respect of revenue recognition in accordance with the applicable requirements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether

the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance,

changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the 'Order'), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A' a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Standalone Balance Sheet, the Standalone Statement of Profit and Loss, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows 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 specified under Section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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'**;
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with the Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. Further, the Ministry of Corporate Affairs has not prescribed other details under aforesaid section which are required to be commented upon by us; and
 - (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - (i) the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – (Refer Note 41 to the standalone 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;
 - (iv) (a) the management of the Company has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the standalone financial statements, during the year, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (the 'Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) the management of the Company has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the standalone financial statements, during the year, no funds have been received by the Company from any person or entity, including foreign entities (the 'Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities

identified in any manner whatsoever by or on behalf of the Funding Party (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) based on such audit procedures, we have considered reasonable and appropriate in the circumstances that nothing has come to our notice that has caused us to believe that the representations under paragraph (a) and (b) above, contain any material misstatement.

- (v) the Company neither declared nor paid dividend during the year. Accordingly, the Company is not required to comply with Section 123 of the Act.

- (vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, as amended, for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company from the financial year commencing on or after 1st April, 2023, and accordingly, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended, is not applicable for the financial year ended 31st March, 2023.

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Edwin Paul Augustine

Partner

Membership No. 043385

UDIN: 23043385BGPJRA2300

Place: Mumbai

Date: April 29, 2023

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 of our report of even date)

- (i) (a) (A) According to the information and explanations given to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment, *except for certain property, plant and equipment where quantitative details are not available since inception*; and
- (B) According to the information and explanations given to us, the Company is maintaining proper records showing full particulars of intangible assets;
- (b) According to the information and explanations to us, during the year, the property, plant and equipment of the Company have been physically verified by the management, except as stated in Paragraph (i)(a)(A) above and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets;
- (c) According to the information and explanations given to us, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee), disclosed in the standalone financial statements are held in the name of the Company;
- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and equipment (including Right-of- Use assets) and intangible assets during the year. Accordingly, the Paragraph 3(i)(d) of the Order is not applicable to the Company; and
- (e) According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Accordingly, Paragraph 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) According to the information and explanations given to us, the management has conducted physical verification of inventory at reasonable intervals during the year, except for the stocks lying with third parties. For stocks lying with third parties at the year end, written confirmations have been obtained by the management. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies were noticed on physical verification carried out during the year; and
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks / financial institutions during the year on the basis of security of current assets. The Company has filed monthly returns / statements with such banks / financial institutions which are in agreement with the books of account. (Refer note 35 to the standalone financial statements).
- Additionally, the Company has issued secured foreign currency convertible bonds (FCCB) and unsecured non-convertible debentures (NCDs) to the International Finance Corporation (IFC) which is to be utilised towards working capital requirements. The Company is not required to file returns or statements with IFC.
- (iii) (a) According to the information and explanations given to us, during the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships. The Company does not have joint ventures and associates. However, during the year, the Company has granted loans or advances in the nature of loans to a subsidiary and one other party:
- (A) the aggregate amount of ₹30.00 Million was paid during the year, and balance outstanding at the balance sheet date amounting to ₹30.00 Million with respect to such loans or advances to subsidiary; and
- (B) the aggregate amount of ₹3.00 Million was paid during the year, and balance outstanding at the balance sheet date amounting to ₹3.00 Million with respect to such loans or advances to other party;
- (b) According to the information and explanations given to us, the aforesaid loans or advances granted are not prejudicial to the interest of the Company;
- (c) According to the information and explanations given to us, in respect of the aforesaid loans and advances in the nature of loans, there are no stipulations as to repayment of principal amounts and the payment of interest. Accordingly, we are unable to comment upon the regularity of repayment of principle amounts and the payment of interest;

- (d) According to the information and explanations given to us, in view of the paragraph (c) above, and since there are no stipulations as to repayment of principal amounts and the payment of interest, we are unable to comment on whether the amount is overdue;
- (e) According to the information and explanations given to us, in view of Paragraphs (c) and (d) above, no amount is overdue during the year; and
- (f) According to the information and explanations given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and rules thereunder. We have broadly reviewed such records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) According to the information and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues to the appropriate authorities.
- (b) The statutory dues referred to (a) above, which have not been deposited on account of any dispute, the amounts involved and the forum where the dispute is pending are as under:

Name of the Statute	Nature of the dues	Amount ₹ Million	Period to which the amount relates	Forum where dispute is pending
The Central Goods and Services Tax Act, 2017	Tax and Interest	6.44	FY 2019-20	Commissioner of GST
The Income Tax Act, 1961	Tax and Interest	0.08	AY 2014-15	Responses filed – (online)
The Income Tax Act, 1961	Tax and Interest	58.20	AY 2016-17	Commissioner (Appeals)
The Income Tax Act, 1961	Tax and Interest	44.50	AY 2018-19	Commissioner (Appeals)
Income Tax Act, 1961	Tax and Interest	11.63	AY 2020-21	Commissioner (Appeals)
Income Tax Act, 1961	Tax and Interest	431.56	AY 2021-22	Commissioner (Appeals)
Maharashtra Value Added Tax Act, 2002	Tax and Interest	32.41	FY 2009-10	Joint Commissioner of Sales Tax (App) – 1
Maharashtra Value Added Tax Act, 2002	Tax and Interest	0.46	FY 2010-11	Joint Commissioner of Sales Tax (App) – 1
The Central Sales Tax Act, 1956	Tax and Interest	7.33	FY 2009-10	Joint Commissioner of Sales Tax (App) – 1

- (viii) According to the information and explanations given to us, there are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, Paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender;
- (b) According to the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority;
- (c) According to the information and explanations given to us, the Company has, prima facie, utilized the money obtained by way of term loans during the year for the purposes for which they were obtained;

- (d) According to the information and explanations given to us, on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have, prima facie, been used for long-term purposes by the Company;
- (e) According to the information and explanations given to us, on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary as defined under the Act. The Company does not have a joint venture; and
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary as defined under the Act. The Company does not have a joint venture.
- (x) (a) According to the information and explanations given to us, we report that the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, Paragraph 3(x)(a) of the Order is not applicable to the Company; and
- (b) According to the information and explanations given to us, the Company has made preferential allotment of shares and convertible share warrants during the year and in our opinion, the requirements of Sections 42 and 62 of the Act have been complied with and the funds raised have been used for the purposes for which they were raised. Other than the above, the Company has not made preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company nor any fraud on the Company has been noticed or reported during the year, nor have we been informed of any such instance by the management;
- (b) According to the information and explanations given to us and on the basis of our audit procedures, no report under Section 143(12) of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report; and
- (c) According to the information and explanations given to us, there are no whistle-blower complaints received by the Company during the year and upto the date of this report.
- (xii) 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, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) According to the information and explanations given to us, the Company has adequate internal audit system commensurate with the size and the nature of its business; and
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date and made available to us, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us and in our opinion, the Company, during the year, has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the provisions of Section 192 of the Act is not applicable. Accordingly, Paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the Paragraph 3(xvi)(a) of the Order is not applicable to the Company;
- (b) According to the information and explanations given to us and in our opinion, the Company has not conducted Non-Banking Financial or Housing Finance activity. Accordingly, the Paragraph 3(xvi)(b) of the Order is not applicable to the Company;
- (c) According to the information and explanations given to us and in our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India; and
- (d) According to the information and explanations given to us, the Group to which the Company belongs has no CIC as part of the Group.
- (xvii) According to the information and explanations given to us, the Company has not incurred cash losses for the current financial year. However, the Company has incurred cash losses in the immediately preceding financial year amounting to ₹4,292.11 Million.

(xviii) According to the information and explanations given to us, there has been no resignation of statutory auditors during the year. Accordingly, Paragraph 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing as at the date of

balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We, further state that our reporting is based on the facts upto the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the Company is not required to contribute towards Corporate Social Responsibility during the year. Accordingly, Paragraphs 3(xx)(a) and (b) of the Order are not applicable to the Company.

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Edwin Paul Augustine

Partner

Membership No. 043385

UDIN: 23043385BGPJRA2300

Place: Mumbai

Date: April 29, 2023

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of **Parag Milk Foods Limited** (the 'Company'), as of 31st March, 2023 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, (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the '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 Act.

Auditor's 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 and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate 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 expenditure 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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 to 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.

Place: Mumbai

Date: April 29, 2023

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March, 2023, 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 issued by the ICAI.

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Edwin Paul Augustine

Partner

Membership No. 043385

UDIN: 23043385BGPJRA2300

Standalone Balance Sheet

As at March 31, 2023

₹ Million

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
(I) ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4	2,984.19	3,346.47
(b) Capital work-in-progress	4A	86.44	28.38
(c) Other intangible assets	5	1.94	3.87
(d) Right-of-Use assets	5A	127.80	148.84
(e) Financial assets			
(i) Investments	6	671.87	622.64
(ii) Loans	7	315.34	-
(iii) Other financial assets	7A	419.83	104.08
(f) Other non-current assets	8	63.73	43.63
Total Non-current assets		4,671.14	4,297.91
(2) Current assets			
(a) Inventories	9	5,582.56	4,681.54
(b) Financial assets			
(i) Trade receivables	10	1,598.70	1,197.20
(ii) Cash and cash equivalents	11	130.31	792.54
(iii) Bank balances other than (ii) above	12	14.98	43.32
(c) Current tax assets (net)	14	140.97	106.58
(d) Other current assets	13	3,691.07	2,088.02
Total Current assets		11,158.59	8,909.20
Total Assets		15,829.73	13,207.11
(II) EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	15	1,172.00	952.00
(b) Other equity	16	7,009.56	4,538.93
Total Equity		8,181.56	5,490.93
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	2,046.03	2,305.81
(ii) Lease liabilities	18	78.86	111.06
(b) Provisions	19	36.08	25.18
(c) Deferred tax liabilities (net)	34	14.57	26.66
Total Non-current liabilities		2,175.54	2,468.71
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	3,223.78	2,414.34
(ii) Lease liabilities	23	64.81	51.54
(iii) Trade payables	21		
(a) Total outstanding dues of micro and small enterprises		12.65	8.77
(b) Total outstanding dues of creditors other than micro and small enterprises		1,285.52	2,072.09
(iv) Other financial liabilities	22	321.29	281.63
(v) Others			
(b) Other current liabilities (net)	24	560.31	414.94
(c) Provisions	19	4.27	4.16
Total Current liabilities		5,472.63	5,247.47
Total Liabilities		7,648.17	7,716.18
Total Equity and Liabilities		15,829.73	13,207.11

Corporate information 1
Basis of preparation 2
Significant accounting policies 3
Contingent liabilities and commitments 40
Other notes 4 to 52
The accompanying notes form an integral part of the standalone financial statements.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

**For and on behalf of the Board of Directors of
Parag Milk Foods Limited**

Edwin Paul Augustine
Partner
Membership No. 043385

Devendra Shah
Chairman
DIN: 01127319

Pritam Shah
Managing Director & Interim Chief Financial Officer
DIN: 01127247

Virendra Varma
Company Secretary & Compliance Officer
Membership No. F10520

Place: Mumbai
Date: April 29, 2023

Place: Mumbai
Date: April 29, 2023

Standalone Statement of Profit and Loss

For the year ended March 31, 2023

₹ Million

Particulars	Notes	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(I) Income			
(a) Revenue from operations	25	28,532.00	20,256.07
(b) Other income	26	351.62	89.61
Total Income		28,883.62	20,345.68
(II) Expenses			
(a) Cost of materials consumed	27	23,781.00	18,279.65
(b) Purchases of Stock-in-trade	28	-	82.40
(c) Changes in inventories of finished goods, Stock-in-trade and work-in-progress	29	(709.50)	2,223.37
(d) Employee benefits expense	30	882.45	773.40
(e) Finance costs	31	528.57	470.36
(f) Depreciation and amortisation expense	32	540.73	509.31
(g) Other expenses	33	3,188.50	3,184.51
Total Expenses		28,211.75	25,523.00
(III) Profit/(Loss) before tax		671.87	(5,177.32)
(IV) Tax expense			
Current tax	48	-	-
Deferred tax charge/ (credit)	34	(13.04)	79.16
Tax adjustment in respect of earlier years		-	35.07
(V) Profit/(Loss) for the year		684.91	(5,291.55)
(VI) Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements gain of the defined benefit plans	40	3.79	6.72
Income tax on above	34	(0.95)	(1.69)
Other comprehensive income for the year, net of tax		2.84	5.03
(VII) Total Comprehensive income/(loss) for the year		687.75	(5,286.52)
(VIII) Earnings per equity share (of face value of ₹10 each) :			
Basic (in ₹)	43	6.52	(56.56)
Diluted (in ₹)		6.34	(55.19)

Corporate information

1

Basis of preparation

2

Significant accounting policies

3

Other notes

4 to 52

The accompanying notes form an integral part of the standalone financial statements.

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Edwin Paul Augustine

Partner

Membership No. 043385

For and on behalf of the Board of Directors of

Parag Milk Foods Limited

Devendra Shah

Chairman

DIN: 01127319

Pritam Shah

Managing Director & Interim Chief Financial Officer

DIN: 01127247

Virendra Varma

Company Secretary & Compliance Officer

Membership No. FI0520

Place: Mumbai

Date: April 29, 2023

Place: Mumbai

Date: April 29, 2023

Standalone Statement of Cash Flows

For the year ended March 31, 2023

₹ Million

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
A. Cash Flows from Operating Activities		
Net Profit before taxation	671.87	(5,177.32)
Adjustments for:		
Depreciation and amortization expense (includes on Right-of-Use assets)	540.73	509.31
Allowance for expected credit loss	42.59	339.81
Fair value gain / loss on investments	21.38	0.49
ESOP expense	-	(7.29)
Finance costs	528.57	470.36
Sundry balances written back (net)	(267.53)	(19.92)
Interest income	(49.59)	(43.53)
Operating profit before working capital changes	1,488.02	(3,928.09)
(Increase) / decrease in inventories	(901.02)	2,191.78
(Increase) / decrease in trade receivables and other receivables	(2,031.42)	1,112.31
(Increase) / decrease in trade payables and other payables	(330.43)	(688.70)
Increase / (decrease) in provisions	14.80	(8.42)
Cash generated from operations	(1,760.05)	(1,321.12)
Direct taxes paid (net of refunds)	(34.39)	(141.65)
Net cash flows generated from / (used in) operating activities	(1,794.44)	(1,462.77)
B. Cash Flows from Investing Activities		
Interest received	64.21	14.77
Purchase of property, plant and equipment	(191.05)	(144.70)
Investment in mutual funds	(50.00)	8.20
Loans given to subsidiary	(300.00)	-
Loans given to others	(30.00)	-
Maturity/ (investment) in fixed deposits	(315.46)	69.56
Purchase of intangible assets	(2.26)	(1.10)
Net cash flows generated from / (used in) investing activities	(824.56)	(53.27)
C. Cash Flows from Financing Activities		
Proceeds from issue of shares (net of issue expenses)	2,002.87	1,634.30
Proceeds / (repayment) of long-term borrowings	(74.26)	2,167.74
Proceeds / (repayment) short-term borrowings (net)	600.57	(1,013.44)
Repayment of lease liabilities	(54.99)	(42.42)
Repayment of interest on lease liabilities	(16.97)	(18.87)
Payment of dividend including dividend distribution tax	-	(47.69)
Interest paid	(500.45)	(436.38)
Net cash flows generated from / (used in) financing activities	1,956.77	2,243.24
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(662.23)	727.20
Cash and cash equivalents at the beginning of the year (Refer Note 11)	792.54	65.34
Cash and cash equivalents at the end of the year (Refer Note 11)	130.31	792.54

Standalone Statement of Cash Flows (Contd.)

For the year ended March 31, 2023

₹ Million

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cash and cash equivalents include:		
Balances with banks	113.16	756.35
Cash on hand	17.15	36.19
Total	130.31	792.54

Notes :

- 1) The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7, *Statement of Cash Flow*, as specified in the Companies (Indian Accounting Standards), Rules, 2015 (as amended).
- 2) Additions to property, plant and equipment include movements of capital work-in-progress and capital advance during the year.
- 3) Changes in liabilities arising from financing activities

₹ Million

Particulars	Opening Balance	Cash movement	Non-Cash Changes			Closing Balance
			Foreign exchange changes	Fair value changes	Acquisition	
Long term borrowing (gross)	2,377.28	(74.26)	4.31	19.06	-	2,326.39
Short term borrowing (net)	2,342.81	600.62	-	-	-	2,943.43
Lease liability (RoU Asset)	162.60	(54.99)			36.05	143.67
	4,882.69	471.37	4.31	19.06	36.05	5,413.49

- 4) Figures for the previous year have been regrouped wherever necessary.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

**For and on behalf of the Board of Directors of
Parag Milk Foods Limited**

Edwin Paul Augustine
Partner
Membership No. 043385"

Devendra Shah
Chairman
DIN: 01127319

Pritam Shah
Managing Director & Interim Chief Financial Officer
DIN: 01127247

Virendra Varma
Company Secretary & Compliance Officer
Membership No. F10520

Place: Mumbai
Date: April 29, 2023

Place: Mumbai
Date: April 29, 2023

Standalone Statement of Changes in Equity

For the year ended March 31, 2023

Equity share capital (refer note 15)

Particulars	For the year ended March 31, 2023				₹ Million
	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Issued, subscribed and paid-up (Equity shares of face value ₹10 each)	9,51,99,826	-	-	2,20,00,000	11,71,99,826

Particulars	For the year ended March 31, 2022				₹ Million
	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
Issued, subscribed and paid-up (Equity shares of face value ₹10 each)	8,39,38,567	-	-	1,12,61,259	9,51,99,826

Other equity

	Reserves and Surplus				Money received against share warrants	Money received against FCCB	Other Comprehensive Income (Remeasurement in defined benefit plans)	Total other equity
	Securities premium	General reserve	Employee stock options outstanding	Retained earnings				
Balance as at April 1, 2021	4,447.85	59.26	7.29	3,844.12	-	-	0.22	8,358.74
Profit / (Loss) for the year	-	-	-	(5,291.55)	-	-	-	(5,291.55)
Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	5.03	5.03
Securities premium credited for equity shares issued by ESOP Trust (Refer note 16A)	1,389.89	-	-	-	-	-	-	1,389.89
Deferred employee compensation expense (Refer note 16C)	-	7.29	(7.29)	-	-	-	-	-
Transfer of employee compensation expenses to General reserve (Refer note 16B)	-	(7.29)	-	-	-	-	-	(7.29)
Dividend paid (Refer note 16D)	-	-	-	(47.69)	-	-	-	(47.69)
Money received against share warrants (Refer note 16E)	-	-	-	-	25.00	-	-	25.00
Money received against Foreign Currency Convertible Bonds (FCCB) (Refer note 16F)	-	-	-	-	-	106.80	-	106.80

Standalone Statement of Changes in Equity (Contd.)

For the year ended March 31, 2023

₹ Million

	Reserves and Surplus				Money received against share warrants	Money received against FCCB	Other Comprehensive Income (Remeasurement in defined benefit plans)	Total other equity
	Securities premium	General reserve	Employee stock options outstanding	Retained earnings				
Balance as at March 31, 2022	5,837.74	59.26	-	(1,495.12)	25.00	106.80	5.25	4,538.93
Profit / (Loss) for the year	-	-	-	684.91	-	-	-	684.91
Other comprehensive income for the year (net of tax)	-	-	-	-	-	-	2.84	2.84
Securities premium credited for equity shares issued (Refer note 16A)	1,762.50	-	-	-	-	-	-	1,762.50
Transaction cost in respect of share warrants (Refer note 16D)	-	-	-	(1.50)	-	-	-	(1.50)
Money received against share warrants (Refer note 16E)	-	-	-	-	21.88	-	-	21.88
Balance as at March 31, 2023	7,600.24	59.26	-	(811.71)	46.88	106.80	8.09	7,009.56

Refer note 16 for nature and purpose of reserves

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

For and on behalf of the Board of Directors of

Parag Milk Foods Limited

Edwin Paul Augustine

Partner

Membership No. 043385"

Devendra Shah

Chairman

DIN: 01127319

Pritam Shah

Managing Director & Interim Chief Financial Officer

DIN: 01127247

Virendra Varma

Company Secretary & Compliance Officer

Membership No. F10520

Place: Mumbai

Date: April 29, 2023

Place: Mumbai

Date: April 29, 2023

Notes to Standalone Financial Statements

for year ended March 31, 2023

1. Corporate information

Parag Milk Foods Limited (formerly Parag Milk Foods Private Limited) ("the Company") was incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is engaged in the business of procurement of cow milk mainly in western and southern region, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk powder, flavoured milk, lassi, curd etc. which are marketed under its registered brand name "Gowardhan", "Go", "Topp up" and "Avvatar". The registered office of the Company is situated at Flat No. 1, Plot No. 19, Nav Rajasthan Society, S. B. Road, Shivaji Nagar, Pune- 411016.

2. Basis of preparation

A. Compliance with Ind AS

These standalone financial statements ('financial statements') have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of Companies Act, 2013, (the 'Act') read with of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI).

The standalone financial statements were authorised for issue by the Company's Board of Directors on April 29, 2023.

Details of the Company's accounting policies are included in Note 3.

Basis of preparation

The Balance sheet and statement of profit and loss are prepared and presented in the format prescribed in the Division II of the Schedule III to the Act. The statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance sheet and Statement of Profit and loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

B. Functional and presentation currency

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

Items included in the financial statements of the Company are recognised using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (₹), which is Company's functional and presentation currency.

C. Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Shared-based payments	Fair value
Net defined benefit (asset)/ liability	Present value of defined benefit obligation less Fair value of plan asset

D. (i) Current / non-current classification of assets/liabilities

The Company has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/liabilities are classified as non-current

The Company presents assets and liabilities in the standalone balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

Notes to Standalone Financial Statements

for year ended March 31, 2023

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

(ii) Operating Cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(iii) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Million as per the requirement of Schedule III, unless otherwise stated.

E. Use of estimates and judgements

In the preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions, judgements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2023 are as below and also been discussed in detail in the relevant section of accounting policies :

- Measurement of defined benefit obligations: key actuarial assumptions;
- Useful life of property, plant and equipment
- Fair value measurement of financial instruments
- Allowance for doubtful debt
- Probable outcome of matters included under contingent liabilities
- Estimation of tax expenses, utilization of deferred tax assets and tax payable.
- Impairment of financial assets.

F. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is

Notes to Standalone Financial Statements

for year ended March 31, 2023

categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Share-based payments
- Financial instruments.

3. Significant accounting policies

a) Property, plant and equipment

On transition to Ind AS, the Company elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at April 1, 2015 ("transition date") measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, thereafter as historical cost.

Estimated useful lives, residual values and depreciation methods are reviewed periodically, including at each reporting date, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised in the carrying amount of assets or recognised as a separate asset only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably.

All other repairs and maintenances are charged to the statement of profit and loss during the reporting period in which they are incurred.

iii. Depreciation

Depreciation on cost of fixed assets is provided on straight line method at estimated useful life, which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013, except for Second hand machineries which are depreciated over an estimated useful life of 10 years based on management estimate.

Depreciation on additions is provided on a pro-rata basis from the date of ready to use and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month proceeding the month of deduction/disposal.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the standalone statement of profit and loss when the asset is derecognized.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than estimated recoverable amount.

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.

Notes to Standalone Financial Statements

for year ended March 31, 2023

- iv.* Capital work-in-progress includes expenditure incurred till the assets are put into intended use. Capital Works-in-progress are measured at cost less accumulated impairment losses, if any.

b) Intangible assets

i. Recognition and measurement

Intangibles are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increase the future economic benefits embodied in the specific assets to which it relates. All other expenditure are recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Assets	Useful life (years)
Trade Marks	10
Computer Software	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Intangible assets with finite lives are 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 with a finite useful life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the standalone statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

c) Impairment

The carrying amount of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal/ external facts. An impairment loss on such assessment will be recognized wherever the carrying amount of an asset exceeds its recoverable amount.

i. Financial assets

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL with simplified approach. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the

Notes to Standalone Financial Statements

for year ended March 31, 2023

asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Leases

The Company has implemented the Ind AS 116 "Leases" as notified by the Ministry of Corporate Affairs on 30th March 2019 through the Companies (Indian Accounting Standards) Amendment Rules, 2019.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on April 1, 2019 using the modified retrospective method of transition. Accordingly, comparatives for the year ended 31st March, 2019 have not been retrospectively adjusted. The Company's lease asset classes primarily consist of leases of land, building and equipment.

The company as a lessee

The company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, the company assesses whether:

- (i) The contract involves use of identified asset;
- (ii) The company has substantially all of the economic benefit of from use of the asset through the period of the lease; and
- (iii) The company has the right to direct the use of the asset

At the date of commencement of lease, the Company recognise a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve month or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as operating expense on straight-line basis over the term of lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Lease liability is initially measured at amortized cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re measured with corresponding adjustment to the related right to use of asset if company changes its assessment if whether it will exercise an extension or termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients.

1. Applied a single discount rate to portfolio of leases of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognize right to use of asset and liabilities for leases with less than 12 months of lease term of the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17

Notes to Standalone Financial Statements

for year ended March 31, 2023

4. Excluding initial direct costs for the measurement of right to use of asset at the date of initial application.

e) Inventories

Inventories are valued at the lower of cost (including prime cost, GST and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Finished goods are valued at the lower of net realisable value and cost (including prime cost and other overheads incurred in bringing the inventories to their present location and condition), computed on weighted average basis.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cheques on hand, demand deposits with banks and other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

g) Trade receivable

Trade receivable are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects company unconditional right to consideration.

h) Trade and other payable

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. Trade payables are presented as current unless payment is not due within 12 months after the reporting period. They are recognized initially at the fair value and subsequently measured at amortized cost using the effective interest method.

i) Financial instruments

i. Recognition and initial measurement

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.

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

ii. Classification and subsequent measurement Financial Assets

Financial assets carried at amortised cost

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the standalone statement of profit and loss. The losses arising from impairment are recognised in the standalone statement of profit and loss.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Financial assets at fair value through other comprehensive income (FVTOCI)

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the standalone statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

In case, the Company's management has made an irrevocable election at the time of initial recognition to account for the equity investment (Other than Investments in equity instruments of Subsidiary) fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.

Investment in subsidiary

Investment in subsidiary is carried at cost in the financial statements.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities at fair value through profit or loss (FLTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the standalone statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the standalone statement of profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the standalone statement of profit and loss. The company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or

Notes to Standalone Financial Statements

for year ended March 31, 2023

substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

j) Revenue recognition

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised goods or services to a customer. Revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of assets (goods or services) to a customer is done over time and in other cases, performance obligations satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation and the progress is measured in terms of a proportion of actual cost incurred to date, to the total estimated cost attributable to the performance obligation.

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of

sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimate they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying Group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the company.

Processing charges is recognised as per the terms of the contract when the related services are rendered.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest Income on Bank Deposits is accrued on time proportionate basis and at the applicable interest rate.

k) Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

l) Government Grant and incentives

Government incentives are recognised at fair value when there is reasonable assurance that the Company will comply with the relevant conditions and the grant will be received. The Government incentives are recognised in profit or loss on a systematic basis over the period in which the Company recognises the related costs for which the incentives are intended to compensate as expense or immediately if the costs have already been incurred.

Eligible export incentives and Bio-Gas subsidiary are recognised in the year in which the conditions precedents are met and there is no significant uncertainty about the collectability.

Notes to Standalone Financial Statements

for year ended March 31, 2023

m) Share-based payments

Employees of the Company receive remuneration in the form of share-based payment in consideration of the services rendered. Under the equity settled share-based payment, the fair value on the grant date of the award given to employees is recognised as 'employee benefit expense' with a corresponding increase in equity over the vesting period. The fair value of the options at the grant date is calculated by an independent valuer basis Black Scholes model. At the end of each reporting period, apart from the non-market vesting condition, the expense is reviewed and adjusted to reflect changes to the level of options expected to vest. When the options are exercised, the Company issues fresh equity shares.

n) Foreign currencies

Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the company are recorded in the functional currency (₹), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit & Loss.

Measurement of foreign currency items at reporting date

Foreign currency monetary items of the company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit & Loss except exchange differences on long term foreign currency monetary items related to acquisition of fixed assets prior to transition to Ind AS, which are included in the cost of fixed assets.

o) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous year ₹. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if:

- i) there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority; and
- ii) there is intention either to settle on a net basis, or to realise the asset and settle the liability simultaneous.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- Temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, inserted a new Section 115BAA in the Income Tax Act, 1961, which provides an option to the Company for paying Income Tax at reduced rates as per the provisions/conditions defined in the said section. The Company has decided to take benefit of the reduced tax rate as permitted in the said section.

Presentation of current and deferred tax

Current and deferred tax are recognised as income or an expense in the Statement of Profit & Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognised in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the company has legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the company.

MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset/Net of Deferred tax liabilities.

p) Borrowings

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

q) Borrowing costs

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Interest and other borrowing costs attributable to qualifying assets are capitalised upto the date such assets are ready for their intended use. Other interest and borrowing costs are charged to Statement of Profit and Loss.

r) Provisions, contingent liabilities and contingent assets and commitments

The company recognizes the provisions when a present obligation (legal or constructive) as a result of past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

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

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying the economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying the economic benefits is remote, no provision or disclosure is made.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

s) Employee benefits

Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, Employees State Insurance, are recognised as expenses in the period in which the employee renders the related service. The Company has no further obligations beyond its monthly contributions. The Company also provides for post-employment defined benefit in the form of gratuity. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Re measurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost

of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit/loss attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings shares to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

u) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

Notes to Standalone Financial Statements

for year ended March 31, 2023

v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the company.

w) Recent Accounting Developments

Ministry of Corporate Affairs ('MCA') on March 31, 2023 notified amendments to the existing standards under the Companies (Indian Accounting Standards) Rules, 2015 by the Companies (Indian Accounting Standards) Amendment Rules, 2023 which are effective from April 1, 2023, are as under:

Ind AS 1, Presentation of Financial Statements:

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after April 1, 2023. Consequential amendments have been made in Ind AS 107.

The amendments are not expected to have a material impact on the Company's financial statements.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors:

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of error ₹ It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after April 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

Ind AS 12, Income Taxes:

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The amendments to Ind AS 12 are applicable for annual periods beginning on or after April 1, 2023.

The Company has evaluated these amendments and there are no impacts on its financial statements.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 4: Property, plant and equipment

₹ Million

Particulars	Freehold land	Leasehold building improvements	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer	Total
Year ended March 31, 2022									
Gross carrying amount									
Opening gross carrying amount	160.15	41.61	787.67	4,862.29	40.53	56.88	25.67	42.16	6,016.96
Additions during the year	1.45	-	0.32	81.20	4.48	12.23	2.61	2.88	105.17
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2022	161.60	41.61	787.99	4,943.49	45.01	69.11	28.28	45.04	6,122.13
Accumulated depreciation									
Opening accumulated depreciation	-	38.73	155.60	2,047.43	16.21	22.56	14.94	36.92	2,332.39
Depreciation charge during the year	-	0.61	28.81	396.08	4.30	7.06	3.64	2.78	443.27
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2022	-	39.34	184.41	2,443.51	20.51	29.62	18.58	39.70	2,775.66
Impairment									
Opening balance	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Impairment up to March 31, 2022	-	-	-	-	-	-	-	-	-
Net carrying amount as at March 31, 2022	161.60	2.27	603.58	2,499.98	24.50	39.49	9.70	5.34	3,346.47
Year ended March 31, 2023									
Gross carrying amount									
Opening gross carrying amount	161.60	41.61	787.99	4,943.49	45.01	69.11	28.28	45.04	6,122.13
Additions during the year	-	-	-	109.45	1.59	-	1.65	4.48	117.18
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2023	161.60	41.61	787.99	5,052.94	46.60	69.11	29.93	49.52	6,239.31
Accumulated depreciation									
Opening accumulated depreciation	-	39.34	184.41	2,443.51	20.51	29.62	18.58	39.70	2,775.67
Depreciation charge during the year	-	0.04	28.75	432.71	4.38	7.19	3.75	2.63	479.45
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2023	-	39.38	213.16	2,876.22	24.89	36.81	22.33	42.33	3,255.12
Impairment									
Opening balance	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Impairment up to March 31, 2023	-	-	-	-	-	-	-	-	-
Net carrying amount as at March 31, 2023	161.60	2.23	574.83	2,176.72	21.71	32.30	7.60	7.19	2,984.19

Refer Note 35 for information on PPE pledged as security by the company.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 4A: Capital Work-in-progress

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Reconciliation of carrying amount		
Opening balance	28.38	9.34
Additions during the year	59.14	22.08
Capitalised during the year	(1.08)	(3.04)
Closing balance	86.44	28.38

Ageing of Capital Work-in-progress as on March 31, 2023

₹ Million

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years*	
Projects in progress	61.10	25.34	-	-	86.44
Projects temporarily suspended	-	-	-	-	-
Total	61.10	25.34	-	-	86.44

* Capital Work-in-progress more than 3 years consist of "Milk Process Machine" which will has been capitalised in June 2022.

Ageing of Capital Work-in-progress as on March 31, 2022

₹ Million

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	27.30	1.03	0.03	0.02	28.38
Projects temporarily suspended	-	-	-	-	-
Total	27.30	1.03	0.03	0.02	28.38

Notes :

- For details of assets given as security against borrowings (Refer note 17 and 20)
- Amount of contractual commitments for the acquisition of PPE (Refer note 41)
- There are no Capital Work-in-progress (CWIP) that are overdue or have exceeded their original plan/ budget.
- There is no impairment during the year.

Note 5: Other intangible assets

₹ Million

Particulars	Computer software	Brands / Trade Marks	Total
Year ended 31st March , 2022			
Gross carrying amount			
Opening gross carrying amount	70.79	13.48	84.27
Additions during the year	1.10	-	1.10
Closing gross carrying amount as at 31st March , 2022	71.89	13.48	85.37
Accumulated amortisation			
Opening accumulated amortisation	62.25	2.75	65.00
Amortisation charge for the year	5.77	10.73	16.50
Closing accumulated amortisation up to March 31, 2022	68.02	13.48	81.50
Impairment			
Opening Balance	-	-	-
Impairment during the year	-	-	-

Notes to Standalone Financial Statements

for year ended March 31, 2023

Particulars	Computer software	Brands / Trade Marks	Total
Impairment up to March 31, 2022	-	-	-
Closing net carrying amount as at 31st March , 2022	3.87	-	3.87
Year ended March 31, 2023			
Gross carrying amount			
Opening gross carrying amount	71.89	13.48	85.37
Additions during the year	2.26	-	2.26
Closing gross carrying amount as at March 31, 2023	74.15	13.48	87.63
Accumulated amortisation			
Opening accumulated amortisation	68.02	13.48	81.50
Amortisation charge for the year	4.19	-	4.19
Closing accumulated depreciation up to March 31, 2023	72.21	13.48	85.69
Impairment			
Opening Balance	-	-	-
Impairment during the year	-	-	-
Impairment up to March 31, 2023	-	-	-
Net carrying amount as at March 31, 2023	1.94	-	1.94

Note:

There are no contractual commitments for the acquisition of intangible assets at the reporting date.

The company does not have any project related to development of an intangible asset whose completion is overdue or any project where cost have exceeded as compared to the original plan. There are no project where activities have been suspended.

Note 5A: Right-of-Use assets

₹ Million

Particulars	Right-of-Use assets	Total
Year ended March 31, 2022		
Gross carrying amount		
Opening gross carrying amount	153.52	153.52
Additions during the year	95.27	95.27
Disposals during the year	-	-
Closing gross carrying amount as at March 31, 2022	248.79	248.79
Accumulated depreciation		
Opening accumulated depreciation	50.41	50.41
Depreciation charge during the year	49.54	49.54
Disposals during the year	-	-
Closing accumulated depreciation up to March 31, 2022	99.95	99.95
Impairment		
Opening Balance	-	-
Impairment during the year	-	-
Impairment up to March 31, 2022	-	-
Net carrying amount as at March 31, 2022	148.84	148.84
Year ended March 31, 2023		
Gross carrying amount		
Opening gross carrying amount	248.79	248.79
Additions during the year	36.05	36.05
Disposals during the year	-	-

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	Right-of-Use assets	Total
Closing gross carrying amount as at March 31, 2023	284.84	284.84
Accumulated depreciation		
Opening accumulated depreciation	99.95	99.95
Depreciation charge during the year	57.09	57.09
Disposals during the year	-	-
Closing accumulated depreciation up to March 31, 2023	157.04	157.04
Impairment		
Opening Balance	-	-
Impairment during the year	-	-
Impairment up to March 31, 2023	-	-
Net carrying amount as at March 31, 2023	127.80	127.80

Note 6: Non-current Investments

₹ Million

Particulars	Face value	As at March 31, 2023		As at March 31, 2022	
		Quantity (Nos)	Value	Quantity (Nos)	Value
Unquoted					
Investment in equity instruments (fully paid-up)					
Investment in wholly owned subsidiary carried (at cost)					
Bhagyalaxmi Dairy Farm Private Limited	₹10	57,85,354	622.64	57,85,354	622.64
Investment in other entities (fair value through profit and loss)					
OPGS Power Gujarat Private Limited	-	2,18,000	-	2,18,000	-
Rupee Co-Operative Bank Ltd.	-	3,800	-	3,800	-
Other investments					
Unquoted					
Investment in other entities (fair value through profit and loss)					
Sharad Sahakari Bank Ltd.	-	318	-	318	0.00
SVC Bank Ltd	0.00	100	0.00	100	0.00
Quoted					
Investment in mutual fund (fair value through Profit and Loss)					
Union Gilt Growth Fund	₹10	20,41,549	21.09	-	-
Union Multicap Fund - Regular Plan Growth	₹10	29,99,850	28.14	-	-
Total			671.87		622.64
Total non-current investments			671.87		622.64
Aggregate amount of quoted investments at cost			50.00		-
Aggregate amount of market value of quoted investments			49.23		-
Aggregate amount of unquoted investments at cost			622.64		622.64
Aggregate amount of impairment in the value of investments			-		-

Notes:

The investments are in compliance with Section 186(4) of the Companies Act, 2013.

Refer note no.36 and 37 for information about fair value measurement, credit risk and market risk of Investments

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year 2022-23.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 7 : Loans

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Loans and advances		
Secured, considered good	-	-
Unsecured, considered good*	315.34	-
Unsecured, considered doubtful	14.66	-
Less : Allowances for doubtful loans	(14.66)	-
	315.34	-
Total	315.34	-

Refer note no 37 for information about credit risk and market risk for loans

* Loans and advances under Unsecured, considered good includes loan given to subsidiary company of ₹300.00 Million (March 31, 2022 : Nil).

Note :

- Loans given to related parties are not repayable on demand, bearing interest rate at the rate of 8.75% p.a. and the respective agreements specify adequate terms and period of repayment. The said loan has been given for expansion and general corporate purposes.
- The company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.
- Loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.
- Disclosures Pursuant To Regulation 34 (3) Of Securities And Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 186 of the Companies Act, 2013

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Loans to Subsidiaries		
(i) Bhagyalaxmi Dairy Farms India Private Limited		
Balance as at the beginning of the year	-	-
Loans given	300.00	-
Loans repaid	-	-
Balance as at the end of the year	285.34	-
Maximum amount outstanding at any time during the year	300.00	-
(b) Loans to Others		
Balance as at the beginning of the year	-	-
Loans given	30.00	-
Loans repaid	-	-
Balance as at the end of the year	30.00	-
Maximum amount outstanding at any time during the year	30.00	-
Total	315.34	-

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 7A : Non-Current – Other financial assets

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Fixed deposits with bank having original maturity of more than one year *	351.18	7.39
Interest receivable	-	0.09
Other deposits		
Unsecured, considered good	68.65	96.60
Unsecured, considered doubtful	32.42	14.23
Less : Allowances for doubtful deposits	(32.42)	(14.23)
	68.65	96.60
Total	419.83	104.08

*The Company held Fixed deposits with bank having original maturity of more than one year of ₹351.18 Million as at March 31, 2023 (March 31, 2022: ₹7.39 Million). The credit worthiness of banks and financial institutions is evaluated by management on an ongoing basis and is considered to be good

Note 8: Other non-current assets

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
Capital advances		
Considered good	43.02	35.31
Considered doubtful	8.43	-
Less : Allowances for doubtful advances	(8.43)	-
	43.02	35.31
Prepaid expenses	20.71	8.32
Total	63.73	43.63

Note 9 : Inventories (At lower of cost and net realisable value)

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials	105.69	71.05
Work-in-progress	1,709.87	2,451.28
Finished goods	3,291.65	1,840.74
Packing materials	262.05	156.49
Stores and spares	213.30	161.98
Total	5,582.56	4,681.54

Notes :

The cost of inventories recognised as an expense is disclosed in Note 27 together with purchases disclosed in the Statement of Profit and Loss.

The mode of valuation of inventories has been stated in Note 3 (e)

The above includes goods in transit as below:

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Stock-in-transit – finished goods	44.72	39.14

The cost of inventories recognised as an expense includes ₹ Nil during the year ended March 31, 2023 (March 31, 2022: ₹5,095.46 Million) in respect of one time write off of inventories was done at the year end owing to its perishable nature, change in government policies with respect to restriction on use of specific raw material usage in products thereby leading to non moving stock. Further such stock held was evaluated as spoilage under the lab test done by an Independent party and was declared as not fit for further consumption in products.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 10: Trade receivables

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
-Undisputed	1,598.70	1,193.78
-Disputed	-	-
Dues from subsidiary, considered good (Refer note 42)		
-Bhagyalaxmi Dairy Farms Private Limited	-	3.42
Dues from other trade receivables, considered good		
Unsecured, considered doubtful		
-Undisputed	484.72	628.53
-Disputed	54.49	54.49
Less: Allowance for expected credit loss	(539.21)	(683.02)
	1,598.70	1,197.20
Total	1,598.70	1,197.20
The movement in allowance for expected credit loss is as follows:		
Balance as at beginning of the year	683.02	970.91
Allowance for expected credit loss during the year	(143.81)	(287.89)
Trade receivables written off during the year		
Balance as at the end of the year	539.21	683.02

Ageing for trade receivables from the due date of payment for each of the category as at March 31, 2023

₹ Million

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years	More than 3 Years	
Undisputed trade receivables considered good	469.73	1,075.70	37.97	15.30	-	-	1,598.70
Undisputed trade receivables which have significant increase in credit risk	-	49.56	31.70	22.94	-	380.52	484.72
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-	-
Disputed trade receivables which have significant increase in credit risk	-	-	-	-	-	54.49	54.49
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
TOTAL (A)	469.73	1,125.27	69.67	38.24	-	435.01	2,137.91
Allowance for expected credit loss	-	49.56	31.70	22.94	-	435.01	539.22
Allowance for credit impairment	-	-	-	-	-	-	-
TOTAL (B)	-	49.56	31.70	22.94	-	435.01	539.21
TOTAL [(A)- (B)]	469.73	1,075.70	37.97	15.30	-	-	1,598.70
Percentage of expected credit loss followed for each bracket	0%	4%	46%	60%	0%	100%	

Notes to Standalone Financial Statements

for year ended March 31, 2023

Ageing for trade receivables from the due date of payment for each of the category as at March 31, 2022

₹ Million

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 Year	1–2 years	2–3 years	More than 3 Years	
Undisputed trade receivables considered good	492.44	581.74	43.77	79.24	-	-	1,197.20
Undisputed trade receivables which have significant increase in credit risk	-	30.00	27.00	104.00	73.00	394.53	628.53
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-	-
Disputed trade receivables which have significant increase in credit risk	-	-	-	-	-	54.49	54.49
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
TOTAL (A)	492.44	611.74	70.77	183.24	73.00	449.02	1,880.22
Allowance for expected credit loss	-	30.00	27.00	104.00	73.00	449.02	683.02
Allowance for credit impairment	-	-	-	-	-	-	-
TOTAL (B)	-	30.00	27.00	104.00	73.00	449.02	683.02
TOTAL [(A)– (B)]	492.44	581.74	43.77	79.24	-	-	1,197.20
Percentage of expected credit loss followed for each bracket	0%	5%	38%	57%	100%	100%	

Notes:

- Trade Receivable represents the amount of consideration in exchange for goods or services transferred to the customers that is unconditional.
- No trade receivables are due from directors or other officers of the Company, either severally or jointly with any other person, nor any trade and other receivables are due from firms or private companies respectively in which any directors is a partner, a director or a member.
- For the Company's exposure to credit and currency risk related to trade receivables – [Refer notes 37 (A) and 37 (C)].
- Trade receivables are receivable in normal operating cycle and are shown net of an allowance for bad or doubtful debts.
- Trade receivables stated above are charged on a first pari-passu basis between working capital consortium members led by Union Bank of India, State Bank of India and IDBI Bank Limited.
- There are no unbilled dues during the year.
- Trade receivables are usually on trade terms based on credit worthiness of customers as per the terms of contract with customers

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 11: Cash and cash equivalents

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
Current accounts	63.80	-
	63.80	-
Short-term bank deposits (maturity less than 3 months)*	49.36	756.35
Cash on hand	17.15	36.19
Total	130.31	792.54

* Short-term deposits are made for varying periods depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposits rates.

Note 12: Bank balances other than cash and cash equivalents

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Short-term bank deposits (maturity more than 3 months but less than 12 months)	14.98	43.32
Total	14.98	43.32

Note : The Company held cash and cash equivalents and other bank balances of ₹145.29 Million as at March 31, 2023 (March 31, 2022: ₹835.86 Million). The credit worthiness of banks and financial institutions is evaluated by management on an ongoing basis and is considered to be good.

Note 13: Other current assets

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Advances other than capital advances		
Unsecured :		
Prepaid expenses	63.87	14.17
Advances to suppliers/others		
Considered good	2,630.82	1,345.64
Considered doubtful	67.45	110.48
Less : allowances for doubtful deposit	(67.45)	(110.48)
	2,630.82	1,345.64
Advances to subsidiary (Refer note 42)	122.91	-
Recoverable from statutory and government authorities		
Unsecured :		
Electricity duty receivable	22.20	22.20
Less: Allowances for doubtful recovery	(22.20)	(22.20)
	-	-
PSI incentive and export subsidy receivable	729.49	708.06
Less: Provision for doubtful recovery	(9.93)	(8.61)
	719.56	699.45

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Milk incentive receivable	86.20	86.20
Less: Provision for doubtful recovery	(5.50)	(86.20)
	80.70	-
PLI incentive receivable	58.98	-
Interest receivable	14.23	28.76
Unsecured, considered doubtful		
Advances and other recoverables	20.98	20.98
Recoverable from statutory and government authorities subject to outcome of assessments	25.24	25.24
Less: Allowance for doubtful advances	(46.22)	(46.22)
	-	-
Grand Total	3,691.07	2,088.02

Note 14: Current tax assets

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax assets (net)	140.97	106.58
Total	140.97	106.58

Note 15: Equity share capital

(a) Details of Equity Share Capital

₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	₹ Million	Number of shares	₹ Million
Authorised shares				
Equity shares of ₹10 each	12,00,00,000	1,200	12,00,00,000	1,000
Issued, Subscribed and paid-up shares				
Equity shares of ₹10 each	11,71,99,826	1,172	9,51,99,826	952

(b) Reconciliation of the number of Equity shares and of Equity share capital amount outstanding at the beginning and at the end of the year.

Particulars	Number of shares (Nos.)	Face Value (₹)	Amount
As at 31st March, 2021	8,39,38,567	10.00	839.39
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 1,76,015 share allotted to the Trust)	1,76,015	10.00	1.76
Net Issued, subscribed and fully paid up share capital	8,39,38,567	10.00	839.39
Add: Issued during the year	1,12,61,259	10.00	112.61
As at March 31, 2022	9,51,99,826	10.00	952.00
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	9,51,99,826	10.00	952.00
Net Issued, subscribed and fully paid up share capital	9,51,99,826	10.00	952.00
Add: Issued during the year (Refer note 15(h))	2,20,00,000	10.00	220.00
As at March 31, 2023	11,71,99,826	10.00	1,172.00

Notes to Standalone Financial Statements

for year ended March 31, 2023

(c) Terms and rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Details of shareholders holding more than 5% shares in the Company

₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Equity shares of ₹10 each fully paid				
Mr. Devendra Prakash Shah	2,02,06,400	17.24%	1,52,06,400	15.97%
Mr. Pritam Prakash Shah	91,59,888	7.82%	91,59,888	9.62%
Mr. Netra Pritam Shah	1,38,67,027	11.83%	88,67,027	9.31%
International Finance Corporation	67,56,756	5.77%	67,56,756	7.10%
AG Dynamic Funds Ltd	73,92,250	6.31%	-	-

(e) Details of shareholdings by the Promoter's of the Company.

₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022		% change in the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Mr. Devendra Prakash Shah	2,02,06,400	17.24%	1,52,06,400	15.97%	-1.27%
Mr. Pritam Prakash Shah	91,59,888	7.82%	91,59,888	9.62%	1.81%
Mr. Prakash Babu Lal Shah	100	0.00%	100	0.00%	0.00%
Mr. Netra Pritam Shah	1,38,67,027	11.83%	88,67,027	9.31%	-2.52%
Mr. Priti Devendra Shah	22,22,820	1.90%	22,22,820	2.33%	0.44%
Mr. Poojan Devendra Shah	32,95,000	2.81%	32,95,000	3.46%	0.65%
Mr. Shabdali Mitul Desai	10,000	0.01%	10,000	0.01%	0.00%
Mr. Stavan Pritam Shah	100	0.00%	100	0.00%	0.00%
Mr. Rajani Prakash Shah	100	0.00%	100	0.00%	0.00%
Late Parag Prakash Shah	1,00,000	0.09%	1,00,000	0.11%	0.02%
Total Promoters shares outstanding	4,88,61,435	41.69%	3,88,61,435	40.82%	
Total shares outstanding	11,71,99,826		9,51,99,826		

- (f) As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. The above percentage have been computed after excluding Nil nos (March 31, 2022 176,015 nos) of equity shares issued to ESOS Trust.
- (g) The Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceding the balance sheet date.
- (h) The Company has vide board resolution dated July 18, 2022, had issued 1,10,00,000 equity shares at a price of ₹93.75 (including a premium of ₹83.75) to AG Dynamics Funds Limited and 10,00,000 equity shares at a price of ₹93.75 (including a premium of ₹83.75) to Business Managers LLP on preferential basis of ₹10 each at ₹93.75 (including a premium of ₹83.75).
- (i) the Company had vide board resolution dated May 10, 2021 issued 50,00,000 warrants at a price of ₹111 (including a premium of ₹101) to Mr. Devendra and 50,00,000 warrants at a price of ₹111 (including a premium of ₹101) to Mr. Netra P Shah, belonging to promoter and promoter group, entitling them for the subscription of equivalent number of equity shares of ₹10 each at ₹111 each (including premium of ₹101 per share). The aforementioned issue of equity shares and share warrants are being made for general corporate purpose and working capital requirements.

During the FY 2022-23, the Company has issued and allotted, 50,00,000 Equity Shares each, of face value ₹10 each fully paid up to Mr. Devendra P. Shah and Mr. Netra P. Shah ('warrant holders') individually, consequent to the warrant holders having exercised their right for conversion of warrants into equity shares.

Notes to Standalone Financial Statements

for year ended March 31, 2023

The allotment has been made for cash, upon the receipt of the remaining exercise price of ₹83.25 per Share warrant (being an amount equivalent to the 75% of the warrant exercise price of ₹111 per warrant), aggregating to ₹83,25,00,000.

- (j) The Company has issued and allotted 20,00,000 Convertible Share Warrants aggregating to ₹18.75 crore (received till date ₹4.18 crore) to Executive Director.
- (k) There was no equity shares bought back, bonus shares issued, or shares allotted as fully paid up pursuant to contract without payment in cash.
- (l) There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment.

Note 16: Other Equity

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Securities Premium	7,600.24	5,837.74
General Reserve	59.26	59.26
Retained Earnings	(811.71)	(1,495.12)
Other Comprehensive Income		
-Remeasurements of defined benefit plans	8.09	5.25
-Fair value of Debt instruments through OCI	-	-
-Fair value of Cash flow hedges through OCI	-	-
Money received against share warrants	46.88	25.00
Money received against FCCB	106.80	106.80
Total	7,009.56	4,538.93

Note: For movements in reserves – Refer Statement of Changes in Equity.

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Securities Premium (A)		
Opening Balance (net off Premium on 1,76,015 shares allotted to the ESOP Trust)	5,837.74	4,447.85
Add: Securities premium credited on share and warrants issued *	1,762.50	1,389.89
Closing Balance	7,600.24	5,837.74
<p>*Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 10, 2021, the Company has issued 1,37,61,259 Equity Shares of ₹10 each at a premium of ₹101 to International Finance Corporation; Sixth Sense India Opportunities II; Sixth Sense India Opportunities III; Devendra Shah and Netra Shah</p> <p>* Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on July 18, 2022, the Company has issued 50,00,000 Share warrants of ₹10 each at a premium of ₹101 to Devendra Shah, Netra Shah respectively and 1,10,00,000 and 10,00,000 equity shares on preferential basis of ₹10 each at a premium of ₹83.75 to AG Dynamics Funds Ltd and Pivotal Business Managers LLP."</p>		
General Reserves (B)		
Opening Balance	59.26	59.26
Add: Transfer from Employee Stock Options Outstanding	-	-
Closing Balance	59.26	59.26
Employee Stock Options Outstanding (C)		
Opening Balance	-	7.29
Add: Deferred Employee Compensation Expense	-	(7.29)
Less: Transfer to General reserve	-	-
Closing Balance	-	-

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Retained earnings (D)		
Opening Balance	(1,495.12)	3,844.12
Add: Profit/(loss) after tax for the year	684.91	(5,291.55)
Less: Transaction Cost	(1.50)	-
Less: Dividends	-	(47.69)
Less: Dividend distribution tax	-	-
Closing Balance	(811.71)	(1,495.12)
Share warrants (E)		
Opening Balance	25.00	-
Add: Additions during the year **	21.88	25.00
Closing Balance	46.88	25.00
<p>*** Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 10, 2021, the Company has issued 25,00,000 Share warrants of ₹10 each at a premium of ₹101 to Devendra Shah and Netra Shah.</p> <p>The Company has vide board resolution dated July 18, 2022, had issued 20,00,000 convertible share warrants, convertible in to 20,00,000 equity shares havin a face value of ₹10 each at a price of ₹93.75 (including a premium of ₹83.75) to Akshali Shah."</p>		
Foreign Currency Convertible Bonds (FCCB) (F)		
Opening Balance	106.80	-
Add: Additions during the year ***	-	106.80
Closing Balance	106.80	106.80
<p>*** Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 28, 2021, the Company has issued 10,680 FCCB bond having face value of USD 1,000 each to International Finance Corporation</p>		
Other Comprehensive Income (G)		
Opening Balance	5.25	0.22
Add: Change during the year (net of tax)	2.84	5.03
Closing Balance	8.09	5.25
Closing balance	7,009.56	4,538.93

Nature and purpose of reserves

(a) Securities Premium

The amount received in excess of face value of the equity shares is recognised as securities premium. This reserve will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 ("the Act").

(b) General Reserves

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(c) Retained Earnings

Retained earnings are the profits that the Company has earned till date, net-off less any transfers to general reserve, dividends or other distribution to the shareholders.

(d) Employee Stock option outstanding

The shares option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employee Stock Grant Scheme which are unvested as on the reporting date and is net of the deferred employee compensation expense.

(e) Share Warrants

Notes to Standalone Financial Statements

for year ended March 31, 2023

Share warrants are instruments that give their holder the right to buy the stock of the issuing company at a predetermined price within a stipulated time frame. They are similar to options, the holder of a warrant has the right (but not the obligation) to purchase the shares of a company at a specified price in the future.

(f) Other Comprehensive Income:

Remeasurement of Net Defined Benefit Plans: Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and are adjusted to retained earnings.

Debt Instruments through Other Comprehensive Income: The fair value change of the debt instruments measured at FVOCI is recognised in Debt instruments through OCI. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

Fair value of cash flow hedges through Other Comprehensive Income: The effective portion of the fair value change of the cash flow hedges measured at fair value through other comprehensive income is recognised in Cash flow hedges through Other Comprehensive Income. Upon derecognition, if the hedged cash flow relates to a non-financial asset, the amount accumulated in equity is subsequently included within the carrying value of that asset. For other cash flow hedges, amounts accumulated in other comprehensive income are taken to the statement of profit and loss at the same time as the related cash flow.

Other Comprehensive Income accumulated in Other Equity, net of tax

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

₹ Million

Particulars	Remeasure- ments of defined benefit plans	Debt instruments through Other Comprehensive Income	Cash flow hedges through Other Comprehensive Income	Total
As at April 1, 2021	0.22	-	-	0.22
Remeasurement gain/(loss) on defined benefit plans	6.72	-	-	6.72
Gain/(loss) on debt instruments recognised in other comprehensive income	-	-	-	-
Fair value of cash flow hedges recognised in other comprehensive income	-	-	-	-
Reclassified to Statement of Profit and Loss	-	-	-	-
Income tax effect	(1.69)	-	-	(1.69)
As at March 31, 2022	5.25	-	-	5.25
Remeasurement gain/(loss) on defined benefit plans	3.79	-	-	3.79
Gain/(loss) on debt instruments recognised in other comprehensive income	-	-	-	-
Fair value of cash flow hedges recognised in other comprehensive income	-	-	-	-
Hedging loss/ (gain) transferred to non-financial asset (net)	-	-	-	-
Reclassified to Statement of Profit and Loss	-	-	-	-
Income tax effect	(0.95)	-	-	(0.95)
As at March 31, 2023	8.09	-	-	8.09

(f) Foreign Currency Convertible Bonds :

The conversion of the FCCBs will be at the option of IFC, the conversion price for the equity shares to be issued upon conversion of the FCCBs is ₹145 per share which is subject to adjustments in accordance with the terms agreed between the parties and applicable law. FCCBs shall be redeemed if not fully converted on the date that is 5 years plus one day from the date of subscription.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 17: Non-Current – Borrowings

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Measured at amortised cost		
Unsecured		
FCCB Bond (Refer note 17(c))	759.82	739.20
Secured		
Non convertible Debenture (NCD) (Refer note 17(d))	1,504.05	1,501.30
Term loans		
From banks		
Rupee currency loan (Refer note 17(a))	48.87	114.16
Vehicle loan (Refer note 17(b))	13.64	22.62
	62.51	136.78
Less: Current maturity related to above	(280.35)	(71.47)
Total	2,046.03	2,305.81

Notes:

- (a) Indian rupee loans from a bank of ₹48.87 Million (March 31, 2022 : ₹114.16 Million) carry interest @ 9.15%-10.10%. The loans are repayable over 48-60 monthly instalments starting from March 2018, June 2019, July 2019, August 2019, September 2019, December 2019, and September 2020 along with interest. The loan is secured by pari passu charge on fixed assets and second pari passu charge on current assets of the Company and personal guarantee of Promoter Directors.
- (b) Hire purchase loan of ₹13.65 Million (March 31, 2022 : ₹22.62 Million) carries interest @ 9.20% to 9.35 % p.a. The loans are repayable in 60 monthly instalments to 36 monthly instalments starting from December 2018; November 2019 and May 2021. of ₹0.05 Million to ₹0.56 Million each. The loan is secured by specific assets financed (vehicle).
- (c) Pursuant to resolution passed by the Board of Directors of the Company at the meeting held on May 28, 2021, the Company had issued 10,680 Foreign Currency Convertible Bonds (FCCB) having face value of USD 1,000 each through private placement of unlisted, unsecured, unrated to International Finance Corporation (IFC).
- The conversion of the FCCBs will be at the option of IFC, the conversion price for the equity shares to be issued upon conversion of the FCCBs is ₹145 per share which is subject to adjustments in accordance with the terms agreed between the parties and applicable law. FCCBs shall be redeemed if not fully converted on the date that is 5 years plus one day from the date of subscription.
- Coupon offered, if any of FCCB's, are repayable in 10 semi annual instalments starting from June 15, 2021 ; -
- interest at the rate of 2.5% p.a. payable in dollars semi-annually on each payment date on the outstanding unconverted amount of FCCBs till such time that the volume weighted average price per equity share of the Company traded on the relevant stock exchange for a 3 month period is below ₹175 per share;
 - interest at the rate of 1.5% p.a. payable in dollars semi-annually on each payment date on the outstanding unconverted amount of FCCBs till such time that the volume weighted average price per equity share of the Company traded on the relevant stock exchange for a 3 month period, is equal to or greater than ₹175 per share but below ₹200 per share; and
 - no interest shall be payable if the volume weighted average price per equity share of the Company traded on the relevant stock exchange for a 3 month period is equal to or greater than ₹200 per share.
- (d) Non-Convertible Debentures (NCDs) are payable as per Redemption Schedule w.e.f. June 15, 2023 to June 15, 2029 in thirteen instalments, half yearly on 15th June and 15th December of ₹115.38 Million each. The Company shall use the proceeds from the issue of the Debentures pursuant to this Deed to finance its future expansion plans and working capital requirements, in accordance with the Financial Plan and applicable Law. The loan is secured by pari passu charge on Immovable Properties situated at Samudrapalle Village, Panchayathi Palamner Mandal, Andhra Pradesh together with all the erections and constructions of every description which are standing, erected or attached to the properties.

Notes to Standalone Financial Statements

for year ended March 31, 2023

- (e) Average interest rate for the non-current borrowings is 7.17%.
- (f) Refer note 37 for information about liquidity risk and market risk of borrowings.
- (g) All charges have been registered with the Registrar of Companies (ROC). The Company does not have charges or satisfactory which is yet to be registered with the ROC beyond the statutory period.

Note 18: Lease Liabilities – Non Current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liability (Refer note 39)	78.86	111.06
Total	78.86	111.06

Note 19: Provisions

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current:		
Provision for Employee benefits		
For compensated absences (Refer note 40)	2.58	2.61
For gratuity (Refer note 40)	33.50	22.57
Total	36.08	25.18
Current:		
Provision for Employee benefits		
For compensated absences (Refer note 40)	4.27	4.16
Total	4.27	4.16

Note 20: Borrowings – current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Loans repayable on demand		
From banks- cash credit	2,855.26	2,342.87
Others		
Bill discounting	88.17	-
Current maturities of long-term debt (Refer note 17)	49.58	71.47
Non convertible Debenture (NCD) (Refer note 17)	230.77	-
Total	3,223.78	2,414.34

Notes:

- (a) Cash credit from banks are secured by first pari passu charge on all current assets of the Company and second pari passu charge on property, plant and equipments of the Company, personal guarantee of Promoter Director ₹ The cash credit is repayable on demand and carries interest @ 7.45% p.a. to 11.00% p.a. Bill discounting under LC/ Non LC are secured by hypothecation of bills covering inland/ export sale.
- (b) Bill discounting under LC/ Non LC are secured by hypothecation of bills covering inland/ export sale.
- (c) Average interest rate for the current borrowings is 8.52%

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 21: Trade payables

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Total outstanding dues of micro and small enterprises	12.65	8.77
(B) Total outstanding dues of creditors other than micro and small enterprises.*	1,285.52	2,072.09
Total	1,298.17	2,080.86

* Amount due to related parties (refer note 42)

Refer note 37 for information about liquidity and market risk of trade payable.

Notes :

(a) Ageing for trade payables from the due date of payment for each of the category as at March 31, 2023

₹ Million

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues MSME	3.51	8.55	0.59	-	-	12.65
Undisputed dues - Others	122.03	1,128.26	29.91	-	5.33	1,285.52
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	125.54	1,136.81	30.50	-	5.33	1,298.17

Ageing for trade payables from the due date of payment for each of the category as at March 31, 2022

₹ Million

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	3.16	5.61	-	-	-	8.77
Undisputed dues - Others	240.73	1,664.95	79.16	16.25	71.00	2,072.09
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	243.89	1,670.56	79.16	16.25	71.00	2,080.86

(b) The company has certain dues to supplies registered under as "micro" and "small" under Micro, Small and Medium Enterprises Act, 2006

The disclosures pursuant to the said MSMED Act are as follows:

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came in to force from 2nd October, 2006, certain disclosures are required to be made relating to dues to Micro and Small enterprises. On the basis of information and records available with the Management, the following disclosures are made for the amounts due to Micro and Small enterprises:

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	9.45	8.77
Interest	3.19	1.30
Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of payment made to the supplier beyond the appointed day during the accounting year	-	-
Amount of interest due and payable for the delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under MSMED.	-	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	13.41	10.22
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act, 2006	13.41	10.22

(c) This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no material overdue principal amounts to such vendor as at the Balance Sheet date.

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 37.

Note 22: Other financial liabilities – Current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	55.04	46.63
Deposits – others	111.80	93.93
Employee related liabilities	83.69	77.37
Trade payable for capital goods other than payable to micro and small enterprises	55.06	63.16
Directors remuneration payable (Refer note 42)	15.70	0.54
Total	321.29	281.63

Note : There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as March 31, 2023 (March 31, 2022 : Nil)

Notes to Standalone Financial Statements

for year ended March 31, 2023

(a) Ageing for trade payables for capital goods from the due date of payment for each of the category as at March 31, 2023

₹ Million

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues MSME	-	-	-	-	-	-
Undisputed dues - Others	-	34.82	0.65	3.32	16.27	55.06
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	-	34.82	0.65	3.32	16.27	55.06

(b) Ageing for trade payables for capital goods from the due date of payment for each of the category as at March 31, 2022

₹ Million

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	-	-	-	-	-	-
Undisputed dues - Others	-	28.66	18.23	2.79	13.48	63.16
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	-	28.66	18.23	2.79	13.48	63.16

Note 23: Lease Liabilities - Current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liability (Refer note 39)	64.81	51.54
Total	64.81	51.54

Note 24: Other current liabilities

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payables	138.13	82.36
Advances from customers*	422.18	332.58
Total	560.31	414.94

* Does not include financing component.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 25 : Revenue from Operations

Disaggregation of revenue from contract with customers

The Company has determined the categories of disaggregation of revenue considering the types/ nature of contracts. The Company derives revenue mainly from the transfer of goods.

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
A. Revenue from contract with customers:		
Sale of products	28,144.34	19,966.03
Sale of services	-	-
	28,144.34	19,966.03
B. Other operating revenues		
Processing charges	61.89	116.94
Export benefits and incentives	0.96	0.25
Package Scheme of Incentive	240.01	166.56
Production Linked Incentive	58.98	-
Scrap sale	15.82	6.29
Bio-Gas subsidy	10.00	-
	387.66	290.04
Total	28,532.00	20,256.07

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Timing of revenue recognition		
Goods transferred at a point in time	28,160.16	19,972.32
Goods transferred over the time	-	-
Total revenue from contract with customers	28,160.16	19,972.32
Add: Processing charges	61.89	116.94
Export benefits and incentives	0.96	0.25
Package Scheme of Incentives	240.01	166.56
Production Linked Incentives	58.98	-
Bio-Gas subsidy	10.00	-
Total revenue from operations	28,532.00	20,256.07
(ii) Disaggregation of revenue based on product		
Ghee	8,914.98	6,000.93
Cheese	6,918.55	4,927.15
Skimmed Milk Powder	5,159.96	4,019.94
Liquid Milk	2,881.70	2,059.92
Whey Powder	1,775.96	833.39
Dahi	941.90	734.14
Paneer	715.36	618.65
Other Consumer products	835.92	771.91
Total revenue from contract with customers	28,144.34	19,966.03
(iii) Revenue by location of customers		
India	27,853.87	19,681.42
Outside India	306.29	290.90
Total revenue from contract with customers	28,160.16	19,972.32

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Add: Processing charges	61.89	116.94
Export benefits and incentives	0.96	0.25
Package Scheme of Incentive	240.01	166.56
Production Linked Incentive	58.98	-
Bio-Gas subsidy	10.00	-
Total revenue from operations	28,532.00	20,256.07

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Reconciliation of revenue recognised in statement of profit and loss with contracted price		
Revenue as per contracted price	29,089.84	20,995.66
Less: Discount/ Rebates	(929.68)	(1,023.34)
Total revenue from contract with customers	28,160.16	19,972.32
Add: Processing charges	61.89	116.94
Export benefits and incentives	0.96	0.25
Package Scheme of Incentive	240.01	166.56
Production Linked Incentive	58.98	-
Bio-Gas subsidy	10.00	-
Total revenue from operations	28,532.00	20,256.07

Notes :

- In accordance with Indian Accounting Standard (Ind AS) 20, Accounting for Government Grants and Disclosure of Government Assistance, the Company has accounted for Industrial Promotion Subsidy under Package Scheme of Incentives, 2013 amounting to ₹240.01 Million (March 31, 2022: ₹166.56 Million), Production Link Incentives Scheme, 2021 amounting to ₹58.98 Million (March 31, 2022: ₹ Nil) as Other Operating Income in Statement of profit and loss.
- The Company has also accounted for export subsidy and bio-gas subsidy amounting to ₹0.96 Million (March 31, 2022: ₹0.25 Million) and ₹10.00 Million (March 31, 2022: ₹ Nil) respectively as Other Operating Income in Statement of profit and loss.
- Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Note 26: Other income

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income		
On Financial assets measured at amortised cost		
Bank deposits	33.32	43.53
Others*	16.26	-
Exchange fluctuation gain (net)	10.32	-
Provision written back (net)	267.53	19.92
Net gain / (loss) on sale or fair valuation of investments	0.42	0.41
Miscellaneous income	23.77	25.75
Total	351.62	89.61

* Includes interest received on loan to related party (subsidiary company).

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 27 : Cost of materials consumed

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw materials consumed		
Inventory at the beginning of the year	71.05	98.71
Add: Purchases during the year	22,101.18	16,762.22
	22,172.23	16,860.93
Less: Inventory at the close of the year	(105.69)	(71.05)
Cost of materials consumed	22,066.54	16,789.88
Packing materials, stores spares and consumables consumed		
Inventory at the beginning of the year	318.47	259.22
Add: Purchases during the year	1,871.34	1,549.02
	2,189.81	1,808.24
Less: Inventory at the close of the year	(475.35)	(318.47)
Cost of materials consumed	1,714.46	1,489.77
Total	23,781.00	18,279.65

Note 28 : Purchases of Stock-in-trade

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Milk products	-	82.40
Total	-	82.40

Note 29: Changes in inventories of finished goods, stock-in-trade and work-in-progress

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventories – Milk Products		
Inventory at the beginning of the year		
Finished goods	1,840.74	4,565.62
Work-in-progress	2,451.28	1,949.77
Stock-in-trade	-	-
	4,292.02	6,515.39
Less: Inventory at the close of the year		
Finished goods	3,291.65	1,840.74
Work-in-progress	1,709.87	2,451.28
Stock-in-trade	-	-
	5,001.52	4,292.02
Changes in inventories:		
Finished goods	(1,450.91)	2,724.88
Work-in-progress	741.41	(501.51)
Stock-in-trade	-	-
Net increase/ (decrease)	(709.50)	2,223.37

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 30: Employee benefits expense

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages (including compensated absences)	797.18	692.94
Contributions to provident and other funds (Refer note 40)	34.38	30.78
Gratuity (Refer note 40)	8.94	10.17
Staff welfare expenses	41.95	39.51
Total	882.45	773.40

Note 31: Finance costs

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expenses on		
Borrowings	510.72	443.55
Lease liability (Refer note 39)	16.97	18.87
Others	0.88	7.94
Total	528.57	470.36

Note 32: Depreciation and amortisation expense

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of Property, plant and equipment	479.45	443.27
Amortisation of Intangible assets	4.19	16.50
Depreciation of Right-of-Use assets (Leased assets)	57.09	49.54
Total	540.73	509.31

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 33: Other expenses

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Transport and freight charges	839.10	723.07
Power and fuel	428.52	359.64
Rent (Refer note 39)	121.23	128.36
Rates and taxes	61.86	60.22
Insurance	4.13	23.48
Repairs and maintenance		
- Plant and machinery	56.74	37.99
- Building	9.47	4.25
- Others	12.81	12.14
Packing charges	132.75	111.59
Labour charges	168.05	158.77
Exchange fluctuation (net)	24.27	71.35
Security charges	13.97	12.89
Travelling and conveyance	42.17	29.99
Legal and professional fees	117.19	120.39
Director's remuneration (refer note 42)	48.00	48.00
Sales promotion, commission and advertisement	682.08	537.88
Commission on sales	45.35	39.72
Allowances for doubtful debts and advances (net)	42.59	339.81
Expenditure towards Corporate Social Responsibility (refer note 33.4)	-	23.48
Fair valuation loss - investment	1.19	-
Communication, broadband & Internet expense	6.67	6.72
Auditors remuneration (Refer note 33.1)	4.02	3.34
Miscellaneous expenses	326.34	331.43
Total	3188.50	3184.51

33.1 Details of payments to auditors

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Auditors remuneration (excluding taxes)		
Statutory audit fees	2.64	2.64
Certification work	0.25	0.17
Re-imbursement of expenses	1.13	0.53
Total	4.02	3.34

Notes to Standalone Financial Statements

for year ended March 31, 2023

33.2 Undisclosed income

There are no transactions which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

33.3 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual currency during the financial year 2022-23.

33.4: Disclosure on Corporate Social Responsibility Expense

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
1. Amount required to be spent by the company during the year	-	23.40
2. Amount of expenditure incurred on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	23.48
3. Shortfall at the end of the year	-	-
4. Total of previous years shortfall	-	-
5. Reason for shortfall	-	N.A.
6. Nature of CSR activities	-	CSR projects of Parag Milk Foods Limited are focused on promotion of quality education, promotion of health care and animal welfare
7. Details of related party transactions in relation to CSR expenditure	-	-

The Company is not obligated to contribute towards Corporate Social Responsibility (CSR) for the year 2022-23 in terms of Section 135 of Companies Act, 2013. However, the Company has spent for CSR amounting of ₹7.17 Million during the year 2022-23

Note 34: Disclosure pursuant to Indian Accounting Standard (Ind AS) 12, Income Taxes

(a) The major components of recognised deferred tax assets/ (liabilities) arising on account of timing differences are as follows:

For the year ended March 31, 2023

₹ Million

Particulars	Net balance April 1, 2022	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2023
Deferred tax liabilities				
Property, plant and equipment and Intangible assets	248.09	(39.10)	-	208.99
Sub-Total	248.09	(39.10)	-	208.99
Deferred tax assets				
Expected credit loss on financial assets	212.46	(41.90)	-	170.56
Expenses allowed on payment basis	8.97	15.84	(0.95)	23.86
Sub-Total	221.43	(26.06)	(0.95)	194.42
Net Deferred tax assets/(liabilities)	(26.66)	13.04	(0.95)	(14.57)

Notes to Standalone Financial Statements

for year ended March 31, 2023

For the year ended March 31, 2022

₹ Million

Particulars	Net balance April 1, 2021	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2022
Deferred tax liabilities				
Property, plant and equipment and Intangible assets	217.85	30.24	-	248.09
Sub-Total	217.85	30.24	-	248.09
Deferred tax assets				
Expected credit loss on financial assets	255.99	(43.53)	-	212.46
Expenses allowed on payment basis	16.05	(5.39)	(1.69)	8.97
Sub-Total	272.04	(48.92)	(1.69)	221.43
Net Deferred tax assets/(liabilities)	54.19	(79.16)	(1.69)	(26.66)

(b) Income tax expense

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustments for current tax of earlier periods	-	35.07
Total	-	35.07
<i>Deferred tax</i>		
Deferred tax charge/(credit)	(13.04)	79.16
MAT Credit entitlement	-	-
Total	(13.04)	79.16
Income tax expense	(13.04)	114.23

The Company has not created deferred tax asset on the following tax losses :

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Unabsorbed brought forward business loss	4,766.35	-
Unabsorbed depreciation	423.61	-
Total	5,189.96	-

Notes to Standalone Financial Statements

for year ended March 31, 2023

(c) Amounts recognised in Other Comprehensive Income

₹ Million

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Before tax	Tax (Expense) /Benefit	Net of tax	Before tax	Tax (Expense) /Benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	3.79	(0.95)	2.84	6.72	(1.69)	5.03

(d) Reconciliation of effective tax rate:

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	671.87	(5,177.32)
Applicable tax rate*	25.17%	25.17%
Expected income tax expense	169.10	(1,303.03)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of non deductible expenses	(39.18)	4.21
Effect of tax adjustment in respect of earlier years	-	35.07
Others	(144.94)	1,377.98
Income tax expense	-15.02	114.23
Effective tax rate	-2.24%	-2.21%

* The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019.

Note : 35 Assets pledged as security

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Assets		
Financial assets		
Trade Receivables	1,598.70	1,197.20
Cash and cash equivalents	130.31	792.54
Other financial assets	14.98	43.32
	1,744.00	2,033.06
Non-financial assets		
Inventories	5,582.56	4,681.54
Other current assets	3,691.07	2,088.02
Total Current assets pledged as security	9,273.63	6,769.56
Non Current assets		

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Non-financial assets		
Land	161.6	161.60
Building	577.06	605.85
Furniture, fittings and equipment	21.71	24.50
Plant and equipments	2176.72	2,499.98
Others	47.09	54.53
Intangible assets	1.94	3.87
Total non-current assets pledged as security	2986.12	3350.33
Total assets pledged as security	14,003.75	12,152.95

Note 36: Disclosure pursuant to Indian Accounting Standard (Ind AS) 107, Financial Instruments – Disclosures

A. Accounting classification and fair values

The under mentioned table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

B. Measurement of fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

C. Fair Value Hierarchy

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period and the mutual funds are valued using closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

As at March 31, 2023	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Other non-current financial assets							
Investments - Subsidiary	622.64	-	622.64	-	-	622.64	622.64
Investments - Mutual funds	50.00	-	50.00	49.23	-	-	49.23
Others							
Other financial assets (non-current)	-	315.34	315.34	-	-	-	-
Trade receivable	-	1,598.70	1,598.70	-	-	-	-
Cash and cash equivalents	-	130.31	130.31	-	-	-	-
Other bank balances	-	14.98	14.98	-	-	-	-
Total	672.64	2,059.33	2,731.97	49.23	-	622.64	671.88
Financial liabilities							
Borrowings - non-current	-	2,046.03	2,046.03	-	-	-	-
Borrowings - current	-	3,223.78	3,223.78	-	-	-	-
Trade payables	-	1,298.17	1,298.17	-	-	-	-
Lease liability	-	-	-	-	-	-	-
Other financial liabilities	-	321.29	321.29	-	-	-	-
Total	-	6,889.27	6,889.27	-	-	-	-

₹ Million

As at March 31, 2022	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Other non-current financial assets							
Investments - Subsidiary	622.64	-	622.64	-	-	622.64	622.64
Others							
Other financial assets (non current)	-	-	-	-	-	-	-
Trade receivable	-	1,197.20	1,197.20	-	-	-	-
Cash and cash equivalents	-	792.54	792.54	-	-	-	-
Other bank balances	-	43.32	43.32	-	-	-	-
Total	622.64	2,033.06	2,655.71	-	-	622.64	622.64
Financial liabilities							
Borrowings - non-current	-	2,305.81	2,305.81	-	-	-	-
Borrowings - current	-	2,414.34	2,414.34	-	-	-	-
Trade payables	-	2,080.86	2,080.86	-	-	-	-
Lease liability	-	-	-	-	-	-	-
Other financial liabilities	-	281.63	281.63	-	-	-	-
Total	-	7,082.64	7,082.64	-	-	-	-

Notes to Standalone Financial Statements

for year ended March 31, 2023

Fair Value Measurement using significant unobservable inputs (LEVEL 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2023 and March 31, 2022:

	₹ Million
Particulars	Investment in subsidiary
As at 31st March, 2021	622.64
(Gain) / loss recognised in the Statement of Profit and Loss	-
(Gain) / loss recognised in the Other Comprehensive Income	-
As at March 31, 2022	622.64
(Gain) / loss recognised in the Statement of Profit and Loss	-
(Gain) / loss recognised in the Other Comprehensive Income	-
As at March 31, 2023	622.64

Note 37: Financial Risk Management

Risk management framework

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework. The Company has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Company.

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

The Company's principal financial liabilities, other than derivatives, comprises of 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 investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Company derives directly from its operations. The Company also holds FVTOCI/FVTPL investments.

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

This note explains the sources of risk to which the Company is exposed to and how the entity manages the risk.

(A) Credit risk

Trade and Other receivables

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Concentration of credit risk with respect to Trade receivables are limited, due to the customer base being large, diverse and across sector and countries. All trade receivables are reviewed and assessed for default on quarterly basis.

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customer & Outstanding customers are regularly monitored.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Outstanding for a period not exceeding six months	1,595.00	1,104.19
Outstanding for a period exceeding six months	542.92	776.02
Gross trade receivables	2,137.92	1,880.21
Less: Allowance for expected credit loss	(539.21)	(683.02)
Net trade receivables	1,598.71	1,197.19

On account of adoption of Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss. The Company computes the expected credit loss allowance as per simplified approach for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer and the Company's historical experience for customer ₹ The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is based on the ageing of the receivable days and the rates as given in the provision matrix.

The movement in the loss allowance in respect of trade receivables is as follows

₹ Million

Loss allowance on trade receivables	Amount
Balance as at April 1, 2021	970.91
Add: Impairment loss recognised	-
Less: Reversal of allowance for expected credit loss	(287.89)
Balance as at March 31, 2022	683.02
Add: Impairment loss recognised	-
Less: Reversal of allowance for expected credit loss	(143.80)
Balance as at March 31, 2023	539.22

Cash and bank balances:

Credit risk on cash and bank balances is limited as the company generally transacts with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

Note 37: Financial Risk Management

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft/ cash credit facility. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities. The Company has access to a sufficient sources of short term funding with existing lenders that could be arranged upon should there be need.

Notes to Standalone Financial Statements

for year ended March 31, 2023

(i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

₹ Million

Contractual maturities of financial liabilities as at March 31, 2023	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including interest accrued but not due)	2,101.07	146.89	126.10	2,386.44	2,659.43
Borrowings - current	3,223.78	3,223.78	-	-	3,223.78
Trade payables	1,298.17	1,262.34	30.50	5.33	1,298.17
Lease liability	143.66	64.81	52.30	26.56	143.66
Other financial liabilities	266.25	266.25	-	-	266.25
Total non-derivative liabilities	7,032.93	4,964.07	208.90	2,418.33	7,591.29

₹ Million

Contractual maturities of financial liabilities as at March 31, 2022	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including interest accrued but not due)	2,352.44	221.04	365.50	3,142.75	3,729.29
Borrowings - current	2,414.34	2,414.34	-	-	2,414.34
Trade payables	2,080.86	2,080.86	-	-	2,080.86
Lease liability	162.60	51.54	53.68	57.38	162.60
Other financial liabilities	235.00	235.00	-	-	235.00
Total non-derivative liabilities	7,245.24	5,002.78	419.18	3,200.13	8,622.09

(c) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(i) Foreign currency exchange rate risk

The Company is subject to risk of changes in foreign currency values that impact costs of imported raw material and import of equipment for expansion of plants, primarily with respect to USD and EURO. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations.

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2023

Notes to Standalone Financial Statements

for year ended March 31, 2023

(a) The Company unhedged exposure to foreign currency risk at the end of the reporting period are as follows

₹ Million

Sr no	Particulars	Currency	As at March 31, 2023		As at March 31, 2022	
			Amount			
A	Financial assets		₹	Foreign currency	₹	Foreign currency
(i)	Trade receivables	USD	52.47	0.64	14.87	0.20
B	Financial liabilities					
(i)	FCCB	USD	759.82	10.68	739.20	10.68
	Interest Payable on FCCB	USD	6.47	0.08	0.14	0.00
		USD			0.08	0.00
(ii)	Trade payables	EURO	(5.88)	(0.07)	3.89	0.05
		AUD			2.56	0.04
		GBP			0.06	0.00

(b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31, 2023 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

₹ Million

	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
March 31, 2023				
Effect in ₹				
1 % movement				
USD	(0.46)	0.46	(0.46)	0.46
EUR	(0.06)	0.06	(0.06)	0.06
AUD	-	0.00	-	0.00
GBP	-	0.00	-	0.00
March 31, 2022				
Effect in ₹				
1 % movement				
USD	(0.15)	0.15	(0.15)	0.15
EUR	0.04	(0.04)	0.04	(0.04)
AUD	0.03	(0.03)	0.03	(0.03)
GBP	0.00	(0.00)	0.00	(0.00)

Notes to Standalone Financial Statements

for year ended March 31, 2023

(i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The company's borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, Financial Instruments: Disclosures, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

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

₹ Million

Particulars	March 31, 2023	March 31, 2022
Fixed rate instruments		
Financial assets		
Bank deposits	415.53	807.06
Total	415.53	807.06

₹ Million

Particulars	March 31, 2023	March 31, 2022
Variable rate instruments		
Financial liabilities		
Non-current borrowings	2,046.03	2,305.81
Current maturities of non-current borrowings	280.35	71.47
Current borrowings	2,943.43	2,342.87
Total	5,269.82	4,720.15

(b) Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Impact on profit/(loss) - increase / (decrease) in profit	
	March 31, 2023	March 31, 2022
Interest rates – increase by 100 basis points *	(52.70)	(47.20)
Interest rates – decrease by 100 basis points *	52.70	47.20

* Holding all other variables constant

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 38: Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust its dividend payment ratio to shareholders, return capital to shareholders or issue fresh shares.

The Company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Company's adjusted net debt to equity ratio are as follows.

₹ Million		
Particulars	March 31, 2023	March 31, 2022
Borrowings		
Long-term and Short-term borrowings	4,989.46	4,648.68
Current maturities of Long-term borrowings	280.35	71.47
Less: Cash and cash equivalents	(496.48)	(843.25)
Adjusted net debt	4,773.33	3,876.90
Total Equity	8,181.56	5,490.93
Adjusted net debt to equity ratio	0.58	0.71

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 loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

Note 39:- Disclosure pursuant to Indian Accounting Standard (Ind AS) 116, Leases

The company has entered into commercial leases for taking office spaces on lease. These leases have an average term of three to five years with renewal option and escalation clauses included in the agreements. There are no restrictions placed upon the Company by entering into these leases. The Company has not given any sub lease during the year. Some of the lease arrangements also include a non-cancellable period.

A. Right-of-Use assets

₹ Million		
Carrying Value	March 31, 2023	March 31, 2022
Opening balance	248.79	153.52
Additions/ (Deletions)	36.05	95.27
Disposal / derecognized during the year	-	-
Closing balance	284.84	248.79

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Accumulated depreciation	March 31, 2023	March 31, 2022
Opening balance	99.95	50.41
Additions/ (Deletions)	57.09	49.54
Disposal / derecognized during the year	-	-
Closing balance	157.04	99.95

B. Lease Liabilities

₹ Million

Particulars	March 31, 2023	March 31, 2022
Opening balance	162.60	109.75
Additions/ (Deletions)	36.05	70.49
Accredition of interest	16.97	18.87
Payments	71.96	36.51
Closing balance	143.66	162.60

₹ Million

Lease liabilities	March 31, 2023	March 31, 2022
Current	64.81	51.54
Non - current	78.86	111.06
Total	143.66	162.60

C. Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:

₹ Million

Lease liabilities	March 31, 2023	March 31, 2022
Not later than one year	75.56	61.99
Later than one year and not later than five years	84.38	180.11
Total	159.94	242.10

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

D. Amounts to be recognised in Statement of profit and loss for the year ended March 31, 2023

₹ Million

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of Right-of-Use assets	57.09	49.54
Interest expense on lease liabilities	16.97	18.87
Total	74.06	68.41

E. Lease rent

₹ Million

Particulars	March 31, 2023	March 31, 2022
Lease payments recognised for short term leases in Statement of Profit and Loss during the year	121.23	128.36
Total	121.23	128.36

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 40: Disclosure pursuant to Indian Accounting Standard (Ins AS) 19, Employee Benefits

A. Defined contribution plan

The Company has recognised an amount of ₹34.38 Million (March 31, 2022: ₹30.78 Million) as expenses under the Defined Contribution Plans in the Statement of Profit and Loss as below:

₹ Million		
Particulars	March 31, 2023	March 31, 2022
Provident Fund	29.50	26.47
National Pension Scheme	0.63	0.32
Employees State Insurance	4.12	3.90
Labour Welfare Fund	0.13	0.09
Total	34.38	30.78

B. Defined Benefit Plan- Gratuity

The Company operates a defined benefit gratuity plan, which is governed by the Payment of Gratuity Act, 1972. The plan entitles an employee who has completed at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the last drawn wage by the employee concerned, subject to the maximum limit specified under the Payment of Gratuity Act, 1972 as amended from time to time. The gratuity amount is payable on termination of the employee or retirement whichever event is earlier, the benefit vest after five years of continuous service.

The defined benefit gratuity plan is administered by a Trust that is legally separate from the Company. The gratuity plan is a funded plan, managed by Life Insurance Company ("LIC") and the Company's makes annual contributions to Group Gratuity cum Life Assurance Scheme managed by LIC.

The most recent actuarial valuation of the defined benefit obligation was carried out as at March 31, 2023. The present value of the defined benefit obligations and the related current service cost and past service costs were measured using Projected Unit Credit Method.

These plans typically expose the Company to actuarial risks such as: inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based in government bonds. If bond yield fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Based on the actuarial valuation obtained in respect of gratuity, the table below sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at the balance sheet date.

₹ Million

Defined benefit plans	March 31, 2023	March 31, 2022
I Expenses recognised in statement of profit and loss during the year:		
Current service cost	7.89	8.18
Past service cost	-	-
Expected return on plan assets	(2.56)	(1.65)
Interest cost on benefit obligation	3.61	3.64
Total Expenses	8.94	10.17
II Expenses recognised in OCI		
Actuarial (gain) / loss due to demographic assumption changes in DBO	-	-
Actuarial (Gain) / loss due to financial assumption changes in DBO	1.98	(1.15)
Actuarial (Gain)/ losses due to experience on DBO	(5.76)	(5.26)
Return on Plan Assets (greater) / less than Discount rate	(0.01)	(0.31)
Total Expenses	(3.79)	(6.72)
III Net asset / (liability) recognised as at balance sheet date:		
Present value of defined benefit obligation	(71.02)	(60.27)
Fair Value of plan assets	37.52	37.70
Funded status [Surplus/(Deficit)]	(33.50)	(22.57)
IV Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	60.27	62.99
Current service cost	7.89	8.18
Interest cost	3.61	3.64
Actuarial (gain)/ loss	3.74	(6.41)
Benefits paid	(4.49)	(8.13)
Present value of defined benefit obligation at the end of the year	71.02	60.27
V Movements in fair value of the plan assets		
Opening fair value of plan assets	37.70	25.84
Expected returns on plan assets	2.56	1.65
Actuarial (gain)/ loss on Plan assets	(0.01)	0.31
Contribution from employer	1.75	18.03
Benefits paid	(4.49)	(8.13)
Closing fair value of the plan asset	37.51	37.70

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Defined benefit plans		March 31, 2023	March 31, 2022
VI Maturity profile of defined benefit obligation			
Within the next 12 months (next annual reporting period)		17.82	14.28
Between 1 to 5 years		36.13	29.28
Between 6 to 10 years		26.61	22.56
Over 10 years		24.62	20.90
VII Quantitative sensitivity analysis for significant assumptions is as below:			
1	Increase/(decrease) on present value of defined benefit obligation at the end of the year		
	(i) +100 basis points increase in discount rate	(4.10%)	(4.27%)
	(i) -100 basis points decrease in discount rate	4.50%	4.68%
	(iii) +100 basis points increase in rate of salary increase	4.50%	4.62%
	(iv) -100 basis points decrease in rate of salary increase	(4.18%)	(4.34%)
2	Sensitivity analysis method		
	Sensitivity analysis performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.		
VIII Actuarial Assumptions:			
Discount rate		7.42%	6.79%
Expected return on assets		6.79%	6.37%
Expected rate of salary increase		6.00% p.a	6.00% p.a
Withdrawal rate		14.00%	14.00%
Mortality		Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

- The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.
- The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The gratuity fund is managed by life insurance company, details of fund invested by insurer are not available with company.
- The Company expects to make a contribution of ₹17.82 Million to the defined benefit plans (gratuity - funded) during the next financial year.
- The average duration of the defined benefit plan obligation at the end of the reporting period is 6.37 years.

Notes to Standalone Financial Statements

for year ended March 31, 2023

C. Annual leave and sick leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended March 31, 2023 based on actuarial valuation carried out by using Projected Unit Credit method resulted in increase in liability by ₹0.08 Million. (Previous Year- decreased by ₹. 0.56 Million)

Total liability on account of compensated absences as on March 31, 2023 is ₹6.85 Million (March 31, 2022 : ₹6.77 Million)

₹ Million

Financial Assumptions	March 31, 2023	March 31, 2022
Discount rate	7.42%	6.79%
Basic salary increases allowing for price inflation	6.00% -7.00%	6.00% -7.00%
Demographic Assumptions	March 31, 2023	March 31, 2022
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee turnover	14.00%	14.00%
Leave Availment Ratio	15% for two years	15% for two years

Note 41: Contingent liabilities and Commitments

₹ Million

Sr no	Particulars	As at March 31, 2023	As at March 31, 2022
(A) Contingent liabilities			
a)	Sales tax matter under litigation in respect of Company for FY 2009-10, F.Y. 2010-11, FY 2016-17 and FY 2017-18 for pending forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	40.20	50.32
b)	Goods and Service Tax matter under litigation in respect of Company for FY 2019-20	6.44	7.85
c)	Sales Tax matter under litigation in respect of Company for FY 2017-18 for pending forms	-	6.50
d)	Income tax matter under litigation for the AY 2012-13 to AY 2014-15 and AY 2016-17 to AY 2021-22	545.96	292.12
e)	Corporate Guarantee given by the Company for Loan taken by suppliers from Bank	-	200.00
(B) Commitments			
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	164.60	63.79
b)	There are no contractual commitment for acquisition of ROU asset as at the reporting date."		

Notes:

- The Company is involved in other disputes, lawsuits, claims, inquiries and proceedings including commercial matters that arise from time to time in the ordinary course of business. The Company believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given accounting period.
- The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any, for ongoing issues where no claims have been made against the Company.

Notes to Standalone Financial Statements

for year ended March 31, 2023

- iii. Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

Note 42: Disclosure pursuant to Indian Accounting Standard (Ind AS) 24, Related Party Disclosures

(i) Names of related parties and nature of relationship:

Description of relationship	Name of the related party
A. Enterprise where company exercise control	
Subsidiary	Bhagyalaxmi Dairy Farms Private Limited
B. Other related parties	
Key Management Personnel (KMP)	Mr. Devendra Shah – Chairman
	Mr. Pritam Shah – Managing Director & Interim CFO
	Ms. Akshali Shah – Executive Director (w.e.f 25 th , Dec 2022)
	Mr. Surendra Malaviya – Interim CFO (till 28 th April, 2023)
	Mr. Krishnamurthy Suryanarayan –CFO (till 13 th ,Nov.2022)
	Mr. Rachana Sanganerla – CS (till 30 th Sept.2022)
	Mr. Virendra Varma – CS (w.e.f 18 th , Oct 2022)
Directors	Mr. Nitin R. Dhavalikar – Director
	Ms. Radhika Dudhat – Director
	Mr. Narendra Ambwani – Director
	Mr. Ramesh Chandak – Director (till 12 th Aug, 2022)
	Mr. B. M. Vyas – Director (till 29 th June, 2022)
	Mr. Dnyanesh Vishnu Darshane (w.e.f. 25 th , Dec 2022)
	Mr. Nikhil Vora (w.e.f. 20 th , Aug 2021)
Relative of Key Management Personnel	Mr. Poojan Shah – Son of Mr. Devendra Shah (Chairman)
	Mr. Priti Shah – Spouse of Mr. Devendra Shah (Chairman)
	Mr. Netra Shah – Spouse of Mr. Pritam Shah (Managing Director)
	Mr. Stavan Shah – Son of Mr. Pritam Shah (Managing Director)
Entity in which KMP can exercise significant influence	Bharat Trading Company
	SBM Advisors LLP

Notes to Standalone Financial Statements

for year ended March 31, 2023

(ii) Details of transactions between the Company and related parties for the year ended March 31, 2023:

(a) Transaction during the year

₹ Million

Particulars	March 31, 2023	March 31, 2022
Purchase of Goods		
Bhagyalaxmi Dairy Farms Private Limited	293.20	168.73
Sale of Goods		
Bhagyalaxmi Dairy Farms Private Limited	97.12	52.17
Remuneration to Key Management Personnel and their relatives *		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Shashikant Dalmia	-	8.27
Rachana Sanganerla (CS)	1.42	2.60
Virendra Varma (CS)	0.89	-
Akshali Shah	5.03	4.22
Poojan Shah	1.16	0.83
Stavan Shah	1.11	0.56
Surendra Malaviya	1.83	-
Krishnamurthy Suryanarayan	1.02	-
Rent Payment		
Bhagyalaxmi Dairy Farms Private Limited	3.63	6.60
Devendra Shah	7.44	4.64
Pritam Shah	4.28	0.30
Priti Shah	0.24	0.24
Netra Shah	0.24	0.24
Reimbursement of expenses KMP		
Devendra Shah	2.61	0.63
Pritam Shah	2.48	1.32
Director sitting fees		
Nitin R. Dhavalikar	2.20	1.70
Radhika Dudhat	1.20	1.00
Narendra Ambwani	1.40	1.30
Ramesh Chandak	0.50	1.60
BM Vyas	0.20	0.70
Dnyanesh Vishnu Darshane	0.10	-

Notes to Standalone Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	March 31, 2023	March 31, 2022
Consultancy fee including out of pocket expenses		
B.M. Vyas	0.48	1.38
Advances granted		
Bhagyalaxmi Dairy Farms Private Limited	122.91	0.00
Share warrants issued		
Devendra Shah	555.00	-
Netra Shah	555.00	-
Loans granted		
Bhagyalaxmi Dairy Farms Private Limited	300.00	-
Interest income during the year		
Bhagyalaxmi Dairy Farms Private Limited	14.73	-

* The remuneration to the key managerial personnel and their relatives (if any) comprises of only short term benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

(b) Details of balances outstanding as at March 31, 2023 :

₹ Million

Particulars	March 31, 2023	March 31, 2022
Amount Payable to		
Devendra Shah	8.09	0.46
Pritam Shah	7.60	0.08
Rachana Sanganerla	-	0.22
B.M. Vyas	0.60	0.32
Akshali Shah	0.43	0.36
Poojan Shah	0.10	0.07
Netra Shah	0.38	1.16
Priti Shah	0.38	0.93
Stavan Shah	0.10	0.05
Personal guarantee issued by		
Devendra Shah and Pritam Shah	3,339.99	6,396.30
Interest accrued on advances		
Bhagyalaxmi Dairy Farms Private Limited	14.73	-
Loans receivable		
Bhagyalaxmi Dairy Farms Private Limited	300.00	-
Advances receivable		
Bhagyalaxmi Dairy Farms Private Limited	122.91	-
Investments		
Bhagyalaxmi Dairy Farms Private Limited	622.64	622.64
Trade receivables		
Bhagyalaxmi Dairy Farms Private Limited	-	3.42

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 43: Disclosure pursuant to Indian Accounting Standard (Ind AS) 33, Earnings Per Share

₹ Million

Particulars	March 31, 2023	March 31, 2022
Profit/(Loss) attributable to Equity shareholders (₹ Million) (A)	684.91	(5,291.55)
Amount of interest debited to statement of Profit & Loss for convertible bonds (₹ Million)	16.33	-
Weighted average number of Equity shares for basic EPS (B) (Nos)	10,50,68,319	9,35,61,825
Effect of Dilution :		
Weighted average number of treasury shares held through ESOP Trust (Nos)	1,76,015	1,76,015
Number of shares under share warrant and FCCB (Nos)	53,28,942	21,36,364
Weighted average number of Equity shares adjusted for the effect of dilution (C) (Nos)	11,05,73,276	9,58,74,203
Basic EPS (Amount in ₹) (A/B)	6.52	(56.56)
Diluted EPS (Amount in ₹) (A/C)	6.34	(55.19)

Basic: Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares held as treasury shares.

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.

Note 44: Disclosure pursuant to Indian Accounting Standard (Ind AS) 108, Operating Segments

The Managing Director of the Company acts as the Chief Operating Decision Maker (CODM) of the Company in accordance with Indian Accounting Standard (Ind AS) 108, Operating Segments, for purpose of assessing the financial performance and position of the Company, and make strategic decisions. The Company's business activities are mainly related to processing of milk and manufacturing of milk related products, which are primarily assessed as a single reportable operating segment in accordance with Ind AS 108, Operating Segments, by the CODM.

The information based on geographical areas in relation to revenue and non-current assets are as below:

(a) Revenue from operations

₹ Million

Particulars	March 31, 2023	March 31, 2022
Within India	28,225.71	19,965.17
Outside India	306.29	290.90
Total	28,532.00	20,256.07

(b) Non-current operating assets :

All non-current assets other than financial instruments, deferred tax assets of the company are located in India.

(c) The Company does not have revenues from transactions with a single external customer amount to 10 per cent or more of the total revenues.

Note 45: Disclosure pursuant to Indian Accounting Standard (Ind AS) 102, Share-Based Payments

The Board of Directors constituted the equity settled Employee Stock Option Scheme ("ESOS 2015") vide its resolutions dated February 27, 2015 and April 21, 2015 for issue of 696,339 stock options to the key employees of the Company, which has been further approved in the Company's Extra ordinary General meeting dated 3rd April, 2015 and May 16, 2015.

Pursuant to the above scheme, the Board of Directors vide its circular resolution dated 3rd September, 2015, approved grant of 227,000 stock options to its employees on 4th September, 2015.

Notes to Standalone Financial Statements

for year ended March 31, 2023

The Company has in its Board Meeting dated 1st November, 2018 approved the grant of 166,015 options to the eligible employees of the Company at a fair market value of ₹258.90 (Two Hundred Fifty Eight Rupees and Ninety Paise) per option (based on the closing market price of ₹258.90 of the Company's shares on NSE as on 31st October, 2018) under the Parag Milk Foods Limited – Employee Stock Option Scheme, 2018 – “ESOS 2018” (erstwhile ESOS 2015 under the ESOS Scheme 2015, renamed as ESOS Scheme 2018, besides renaming of the scheme to ESOS 2018, the other terms and conditions will remain the same as stated in ESOS 2015.) The Board of Directors approved fresh grant of ESOS options 1,66,015 at a fair market value of ₹258.90 per option under Parag Milk Foods Limited – Employee Stock Option Scheme – 2018 “ESOS 2018” (erstwhile ESOS-2015 under the SSOS scheme 201, renamed as ESOS scheme 2018, besides remaining of the scheme to ESOS 2018 the other terms and conditions will remain the same as stated in ESOS 2015.

According to ESOS 2018, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 year ₹ The other relevant terms of the grant are as below. The fair valuation of the option have been computed as per the black scholes pricing model.

Vesting Period	1 years
Exercise Period	2 Years
Expected Life	2 Years
Exercise Price	₹258.90
Fair value using Black Scholes model on grant date	₹71.14
Date of grant	01-Nov-18

The details of activity under ESOS 2018 are summarized below:

₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of options	WAEP (₹)	No. of options	WAEP (₹)
Outstanding at the beginning of the year	-	-	1,02,039	258.90
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	1,02,039	258.90
Exercised during the year	-	-	-	-
Exercisable/ Vested during the year	-	-	-	-
Outstanding at the end of the year:	-	-	-	-
of which Options vested and exercisable at the end of the year	-	-	-	-

₹ Million

Particulars	March 31, 2023	March 31, 2022
Dividend yield (%)	-	-
Expected volatility	-	34.95%
Risk-free interest rate	-	7.40%
Weighted average share price	-	258.90
Exercise price (₹)	-	258.90
Expected life of options granted in years	-	2
Life of option remaining in months	-	0

Notes to Standalone Financial Statements

for year ended March 31, 2023

The expected option life is assumed to be approximately half way between the option vesting period and contractual term of the option. Since the vesting period and contractual term is different, the expected life of the option will be different. The expected option life is calculated as $\text{Year to Vesting} + (\text{Contractual Option Term}) / 2$. Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the option.

Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

₹ Million		
Particulars	March 31, 2023	March 31, 2022
Employee option plans	-	-

Note 46: Disclosure pursuant to Indian Accounting Standard (Ind AS) 27, Separate Financial Statements

Investments in the subsidiary company is accounted at cost:

Name of the subsidiary company	Principal place of business	Proportion of direct ownership as on March 31, 2023	Proportion of direct ownership as on March 31, 2022
Bhagyalaxmi Dairy Farm Private Limited	India	100%	100%

Note 47 : Additional Regulatory Information (to the extent applicable and reportable)

(a) Loans granted to Promoters, Directors, KMPs and the Related Parties

₹ Million		
Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage of the total loans and advances in the nature of loans
Related Party – Bhagyalaxmi Dairy Farm Private Limited (Subsidiary)	300	90.91%

Loans given to related parties are not repayable on demand, bearing interest rate at the rate of 8.75% p.a. and the respective agreements specify adequate terms and period of repayment. The said loan has been given for expansion and general corporate purposes.

(b) Ageing schedule of Capital work in progress :

Ageing of Capital Work-in-progress as on March 31, 2023

₹ Million					
	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years *	
Projects in progress	61.10	25.34	-	-	86.44
Projects temporarily suspended	-	-	-	-	-
Total	61.10	25.34	-	-	86.44

* Capital work-in-progress more than 3 years consist of "Milk Process Machine" which will has been capitalised in June 2022

Notes to Standalone Financial Statements

for year ended March 31, 2023

Ageing of Capital Work-in-progress as on March 31, 2022

₹ Million

	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years *	
Projects in progress	27.30	1.03	0.03	0.02	28.38
Projects temporarily suspended	-	-	-	-	-
Total	27.30	1.03	0.03	0.02	28.38

(c) Company has borrowings from banks on the basis of security of current assets and Company has filed monthly statements for FY 2022-23 & FY 2021-22 with banks which are in agreement with the books of account.

(d) Accounting ratio

₹ Million

Particulars	Numerator	Denominator	FY 2022-23	FY 2021-22	Percentage Variance from previous year
Current Ratio (in times)	Current assets	Current liabilities	2.04	1.70	20%
Debt - Equity Ratio (in times)	Debt	Total shareholders' equity	4.62	5.13	(10%)
Debt Service coverage ratio* (in times) 1	Net Profit before non cash operating expense and interest	Current debt	1.63	(2.77)	(159%)
Return on equity (in %) 2	PAT	Total average equity	64%	(591%)	(111%)
Inventory Turnover Ratio (in times) 3	Sales	Average inventory	5.56	3.51	59%
Trade receivables turnover ratio (in times) 4	Revenue from operations	Average trade receivables	20.41	14.70	39%
Trade payables turnover ratio (in times) 5	Adjusted expenses	Average trade payables	14.19	7.40	92%
Net capital turnover ratio (in times)	Revenue from operations	Working capital	5.02	5.53	(9%)
Net profit ratio (in %) 6	Net profit	Revenue	2%	(26%)	(109%)
Return on capital employed (in %) 7	PBIT	Capital employed	8.37%	(96.37%)	(109%)
Return on investment (in %)	Interest income, net gain on sale of investments and fair value gain	Average investments	0.06%	0.07%	(2%)

Explanation for variance exceeding 25% :

1. The debt service coverage ratio positive due net profit during the year
2. Return on equity increased due to infuse/increased in Equity capital.
3. Inventory turn around times increased during the year. Company is further looking to increase the turn around times.
4. Trade receivable turnover ratio increased during the year. It's a positive sign towards better receivable management.
5. The company has reduced the credit days to get better competitive rate and quantity to mitigate the demand.
6. Net profit Ratio is increased due to increase in profit
7. Return on capital employed is increased due to increase in profit during the year.

Notes to Standalone Financial Statements

for year ended March 31, 2023

Note 48:

- a) No provision for current tax is required to be made for the year ended March 31, 2023, in view of certain allowances and deductions available under the Income Tax Act, 1961.
- b) The Income Tax Department conducted a search under Section 132 of the Income Tax Act, 1961, on the Company and its associated persons in the month of November 2021. The Company had only received a Panchanama dated 27th November, 2021. Subsequently, in the Assessment Order for A.Y 2021-22 dated 31st December 2022, a reference has been made to the search and seizure.

Note 49:

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year-end, the Company has reviewed all such contracts and confirmed that no provision is required to be created under any law / accounting standard towards any foreseeable loss.

Note 50:

The Code on Social Security, 2020 (the 'Code') relating to employee benefits during employment and post-employment benefits received the President's assent on September 28, 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment has released the draft Rules for the Code on 13th November, 2020 and has invited suggestions from the stakeholders. However, the date on which the Code/Rules will come to effect has not been notified.

The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

Note 51:

The standalone financial statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings held on April 29, 2023.

Note 52:

Figures of the previous year have been regrouped wherever necessary.

Signatures to Notes 1 to 52

SHARP & TANNAN

Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin Paul Augustine

Partner
Membership No. 043385

Place: Mumbai
Date: April 29, 2023

For and on behalf of the Board of Directors of Parag Milk Foods Limited

Devendra Shah

Chairman
DIN: 01127319

Virendra Varma

Company Secretary & Compliance Officer
Membership No. F10520

Place: Mumbai
Date: April 29, 2023

Pritam Shah

Managing Director & Interim Chief Financial Officer
DIN: 01127247

Independent Auditor's Report

To the Members of Parag Milk Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Parag Milk Foods Limited** (the 'Holding Company' / the 'Company') and its subsidiary (Holding Company and its subsidiary together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2023, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated financial statements').

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 Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2023, of its consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Sr. Key Audit Matters No.	How our audit addressed the key audit matters
1. Inventories (Refer Note 11 to the consolidated financial statements)	<p>Our audit procedures included and were not limited to the following:</p> <ol style="list-style-type: none"> Evaluation of the design and testing of the implementation of internal controls relating to physical inventory counts on a test basis; Performance of test of controls over verification of documentary evidence of controls including the calculation of shrinkages; and Performance of test of details through sample selection of stores as part of the inventory verification program, including verification of inventory from floor to documentary evidence and vice versa and verification of shrinkage.

Sr. Key Audit Matters No.	How our audit addressed the key audit matters
<p>2. Valuation and existence of inventories (Refer Note 11 to the consolidated financial statements)</p> <p>Our audit procedures on the valuation and existence of inventories consisted mainly of the following:</p> <p>The inventories amounted to Rs.5,735.50 Million.</p> <p>Our audit of inventories was focused around the risk that there would be a material misstatement relating to the existence of inventories and that the valuation of inventories involves judgement of the management.</p> <p>According to the consolidated financial statements' accounting principles inventories are measured at the lower of cost or net realizable value. The Group has procedures for identifying risk for obsolescence inventories based on estimated usage and shelf life of products.</p>	<p>In order to ascertain the existence of inventories, we assessed and reviewed the controls implemented and executed by the Group to ensure the existence of inventories. We observed the periodic physical inventory counts. We also performed analytical procedures as well as tests of details of individual transactions.</p> <p>As for the valuation of inventories, we assessed and reviewed the controls relating to valuation. For materials and supplies, we compared the price recognized in the balance sheet to the latest purchase invoice, to ensure that the inventory of materials and supplies is valued in accordance with the accounting policies applied.</p> <p>To address the risk for material error on inventories, our audit procedures included amongst other:</p> <p>Assessing the compliance of Group's accounting policies over inventory with applicable accounting standards.</p> <p>Assessing the inventory valuation processes and practices. On major locations we tested the effectiveness of the key controls.</p> <p>Assessing the analyses and assessment made by management with respect to slow moving and obsolete stock.</p> <p>We assessed the adequacy of the company's disclosures related to inventories.</p>
<p>3. Valuation of trade receivables (Refer Note 12 to the consolidated financial statements)</p> <p>As at 31st March, 2023, the trade receivables balance excluding provisions included in Note 10 was Rs 1,682.34 Million.</p> <p>We have identified valuation of trade receivables as a key audit matter on account of the significant management judgment involved with respect to the recoverability of trade receivables and the provisions for impairment of receivables, and the importance of cash collection with reference to the working capital management of the business.</p>	<p>Our audit procedures included but were not limited to the following:</p> <p>(a) Understanding the trade receivables process with regards to valuation and evaluation of controls designed and implemented by the management;</p> <p>(b) Assessment of the appropriateness of the Company's credit risk policy and obtaining an understanding on management of credit risk;</p> <p>(c) Control testing:</p> <ul style="list-style-type: none"> Obtaining an understanding on credit approvals, establishing credit limits and continuous monitoring of creditworthiness of customers to which the Group grants the credit in normal course of business. Obtaining understanding on how the Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade receivables. <p>(d) Tests of details:</p> <ul style="list-style-type: none"> We have checked the ageing analysis, on a sample basis and subsequent receipt of the trade receivables, to the source documents, including bank statements; We have verified the underlying supporting documents like acceptance of invoices along with various correspondence carried out by the Group with trade receivable for realization of money; We have verified open invoices duly accepted by customers in order to ensure existence of trade receivables; We have verified the appropriateness of judgments regarding provisions for trade receivables and assessment as to whether these provisions were calculated in accordance with the Group's provisioning policies. <p>We have conducted discussion with management as to the recoverability of the old outstanding and corroborating management's explanations with underlying documentation and correspondence with the customers.</p>

Sr. Key Audit Matters No.	How our audit addressed the key audit matters
4. Revenue recognition (Refer Note 29 to the consolidated financial statements)	<p data-bbox="632 376 1455 432">Our key audit procedures around revenue recognition included, but were not limited to, the following:</p> <ul data-bbox="632 450 1455 1323" style="list-style-type: none"> <li data-bbox="632 450 1455 562">• Assessed the appropriateness of the revenue recognition accounting policies of the Group including those relating to rebates and trade discounts, by evaluating compliance with the applicable accounting standards; <li data-bbox="632 577 1455 656">• Evaluated the design and tested the operating effectiveness of the relevant key controls with respect to revenue recognition including general and specific information technology controls; <li data-bbox="632 674 1455 786">• Performed substantive testing on selected samples of revenue transactions recorded during the year by testing the underlying documents including contracts, invoices, goods dispatch notes, shipping documents and customer receipts, wherever applicable; <li data-bbox="632 801 1455 913">• Understood and evaluated the Group's process for recording of the accruals for discounts and rebates and ongoing incentive schemes and on a test basis, verified the year-end provisions made in respect of such schemes; <li data-bbox="632 929 1455 985">• Performed analytical review procedures on revenue recognised during the year to identify any unusual and/or material variances; <li data-bbox="632 1001 1455 1057">• Performed confirmation and alternative procedures on selected invoices outstanding as at the year-end; <li data-bbox="632 1072 1455 1151">• Tested a select sample of revenue transactions recorded before the financial year end date to determine whether the revenue has been recognised in the appropriate financial period; <li data-bbox="632 1167 1455 1223">• Tested a sample of manual journal entries posted to revenue ledgers to identify any unusual items; and <li data-bbox="632 1238 1455 1323">• Evaluated the appropriateness and adequacy of disclosures in the consolidated financial statements in respect of revenue recognition in accordance with the applicable requirements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether

the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of

the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. 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; 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the company included in the Group is responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

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 so far as it appears from our examination of those books and the reports of the other auditors;
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Indian Accounting Standards specified under Section 133 of the Act;
- e) on the basis of the written representations received from the directors of the Holding Company as on 31st March, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2022 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'**;
- g) with respect to the other matters to be included in the Auditor's Report in accordance with the Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company, its subsidiary company incorporated in India, where applicable, to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary company incorporated in India is not in excess of the limit laid down under Section 197 of the Act. Further, the Ministry of Corporate Affairs has not prescribed other details under aforesaid section which are required to be commented upon by us; and
- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - (Refer Note 41 to the consolidated financial statements);
 - (ii) the Group did not have any material foreseeable losses on the long-term contracts including derivative contracts;
 - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India;
 - (iv) (a) the management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the consolidated financial statements, during the year, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary incorporated in India to or in any other person or entity, including foreign entities (the 'Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary company incorporated in India (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) the management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the consolidated financial statements during the year, no funds have been received by the Holding Company or its subsidiary company incorporated in India from any person or entity, including foreign entities (the 'Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary incorporated in India shall, directly or indirectly, lend or

invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

- (c) based on such audit procedures, we have considered reasonable and appropriate in the circumstances that nothing has come to our notice that has caused us to believe that the representations under paragraph (a) and (b) above, contain any material misstatement.
- (v) The Holding Company has not declared nor paid any dividend during the year. Further, based on the audit reports of the subsidiary company, incorporated in India, that entity has not declared nor paid any dividend during the year. Accordingly, reporting on the compliance with Section 123 of the Act is not applicable;
- (vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, as amended, for maintaining books of account using accounting software which

has a feature of recording audit trail (edit log) facility is applicable to the Company and its subsidiary which is incorporated in India from the financial year commencing on or after 1st April, 2023 and accordingly, reporting under Rule 11(g) of the aforesaid Rules is not applicable for the financial year ended 31st March, 2023; and

- (vii) With respect to the matters specified in the Paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ('CARO') issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's Report, and according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiary included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in those CARO reports.

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Edwin Paul Augustine

Partner

Membership No. 043385

UDIN: 2304338BGPJRB9731

Place: Mumbai

Date: April 29, 2023

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 (the 'Act')

In conjunction with our audit of the consolidated financial statements of the **Parag Milk Foods Limited** (the 'Holding Company') as of and for the year ended 31st March, 2023, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the '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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's 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 and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether adequate 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding 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 consolidated 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 consolidated 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 consolidated 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.

Place: Mumbai

Date: April 29, 2023

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company, which is a company 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 31st March, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W

by the hand of

Edwin Paul Augustine

Partner

Membership No. 043385

UDIN: 23043385BGPJRB973I

Consolidated Balance Sheet

As at March 31, 2023

₹ Million

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
(I) ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4	3,602.83	3,932.59
(b) Capital work-in-progress	4A	447.06	95.96
(c) Other intangible assets	5	1.95	3.88
(d) Right-of-Use assets	5A	150.77	150.14
(e) Biological assets other than bearer plants	6	605.54	505.50
(f) Financial assets			
(i) Investments	7	49.23	-
(ii) Loans	8	30.00	-
(iii) Other financial assets	9	429.11	112.38
(g) Other non-current assets	10	71.82	68.52
Total Non-current assets		5,388.31	4,868.97
(2) Current assets			
(a) Inventories	11	5,735.50	4,787.35
(b) Financial assets			
(i) Trade receivables	12	1,682.34	1,253.07
(ii) Cash and cash equivalents	13	137.99	796.73
(iii) Bank balances other than (ii) above	14	14.98	43.32
(c) Current tax assets (net)	15	140.97	106.58
(d) Other current assets	16	3,575.89	2,094.25
Total Current assets		11,287.68	9,081.30
Total Assets		16,675.99	13,950.27
(II) EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	17	1,172.00	952.00
(b) Other equity	18	6,907.09	4,588.29
Total Equity		8,079.09	5,540.29
Liabilities			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	2,552.33	2,596.30
(ii) Lease liabilities	20	102.33	112.29
(b) Provisions	21	38.92	28.31
(c) Deferred tax liabilities (net)	38	19.00	39.97
Total Non-current liabilities		2,712.58	2,776.87
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	3,342.13	2,580.51
(ii) Lease liabilities	23	65.60	52.19
(iii) Trade payables			
(a) Total outstanding dues of micro and small enterprises; and		12.65	8.77
(b) Total outstanding dues of creditors other than micro and small enterprises.	24	1,513.19	2,249.82
(iv) Other financial liabilities	25	345.15	298.87
(b) Other current liabilities	26	599.39	436.47
(c) Provisions	27	5.05	4.75
(d) Current tax liabilities (net)	28	1.16	1.73
Total Current liabilities		5,884.32	5,633.11
Total Liabilities		8,596.90	8,409.98
Total Equity and Liabilities		16,675.99	13,950.27

Corporate information 1
Basis of preparation 2
Significant accounting policies 3
Contingent liabilities and commitments 45
Other notes 4 to 58
The accompanying notes form an integral part of the consolidated financial statements.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

**For and on behalf of the Board of Directors of
Parag Milk Foods Limited**

Edwin Paul Augustine
Partner
Membership No. 043385

Devendra Shah
Chairman
DIN: 01127319

Pritam Shah
Managing Director & Interim Chief Financial Officer
DIN: 01127247

Virendra Varma
Company Secretary & Compliance Officer
Membership No. F10520

Place: Mumbai
Date: April 29, 2023

Place: Mumbai
Date: April 29, 2023

Consolidated Statement of Profit and Loss

For the year ended March 31, 2023

₹ Million

Particulars	Notes	For the Year ended March 31, 2023	For the Year ended March 31, 2022
(I) Income			
(a) Revenue from operations	29	28,926.20	20,717.54
(b) Other income	30	451.57	210.40
Total Income		29,377.77	20,927.94
(II) Expenses			
(a) Cost of materials consumed	31	23,952.35	18,498.75
(b) Purchases of Stock-in-trade	32	-	82.40
(c) Changes in inventories of finished goods, work-in-progress and Stock-in-trade	33	(720.49)	2,223.95
(d) Employee benefits expense	34	980.56	836.63
(e) Finance costs	35	551.56	509.59
(f) Depreciation and amortisation expense	36	572.75	537.44
(g) Other expenses	37	3,530.42	3,459.72
Total Expenses		28,867.15	26,148.48
(III) Profit/(Loss) before tax		510.62	(5,220.54)
(IV) Tax expense			
Current tax		-	-
Deferred tax charge /(credit)	38	(21.92)	69.34
Tax adjustment in respect of earlier years		-	35.07
(V) Profit/(Loss) for the year		532.54	(5,324.95)
(VI) Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements gain of the defined benefit plans	44	4.53	6.00
Income tax on above	38	(1.15)	(1.49)
Other comprehensive income for the year, net of tax		3.38	4.51
(VII) Total Comprehensive income/(loss) for the year		535.92	(5,320.44)
(VIII) Earnings per equity share (of face value of ₹ 10/- each):			
Basic (in ₹)	47	5.07	(56.91)
Diluted (in ₹)	47	4.96	(55.54)

Corporate information 1
Basis of preparation 2
Significant accounting policies 3
Contingent liabilities and commitments 45
Other notes 4 to 58
The accompanying notes form an integral part of the consolidated financial statements.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin Paul Augustine
Partner
Membership No. 043385

**For and on behalf of the Board of Directors of
Parag Milk Foods Limited**

Devendra Shah
Chairman
DIN: 01127319

Virendra Varma
Company Secretary & Compliance Officer
Membership No. F10520

Pritam Shah
Managing Director & Interim Chief Financial Officer
DIN: 01127247

Place: Mumbai
Date: April 29, 2023

Place: Mumbai
Date: April 29, 2023

Consolidated Statement of Cash Flows

For the year ended March 31, 2023

₹ Million

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
A. Cash Flows from Operating Activities		
Net Profit before tax	510.62	(5,220.54)
Adjustments for:		
Depreciation and amortization expense (includes on Right-of-Use assets)	572.75	537.44
Allowance for doubtful advances	0.62	5.93
Allowance for expected credit loss	69.74	348.22
Fair value gain / loss on investments	21.38	0.12
Loss on sale / disposal of Biological assets	9.94	13.70
ESOP expense	-	(7.29)
Finance costs	551.56	509.59
Fair value changes of Biological assets	(112.90)	(120.60)
Sundry balances written back (net)	(267.53)	(19.92)
Interest income	(35.03)	(43.60)
Operating profit before working capital changes	1,321.15	(3,996.95)
(Increase) / decrease in inventories	(47.12)	2,160.50
(Increase) / decrease in trade receivables and other receivables	354.98	1,069.54
Increase / (decrease) in trade payables and other payables	321.40	(574.04)
Increase / (decrease) in provisions	217.49	(7.72)
Cash generated from operations	2,167.90	(1,348.68)
Direct taxes paid (net of refunds)	(1,603.62)	(140.99)
Net cash flows generated from / (used in) operating activities	564.28	(1,489.67)
B. Cash Flows from Investing Activities		
Interest received	49.56	14.84
Sale of Biological assets	2.93	4.00
Purchase of property, plant and equipment	(866.53)	(292.30)
Investment in mutual funds	(50.00)	8.20
Loans given to others	(30.00)	-
Maturity/ (investment) in fixed deposits	0.01	69.55
Purchase of intangible assets	(2.26)	(1.10)
Net cash flows generated from / (used in) investing activities	(896.30)	(196.81)
C. Cash Flows from Financing Activities		
Proceeds from issue of shares (net of issue expenses)	4,253.50	3,874.80
Proceeds / (repayment) of long-term borrowings	82.90	21.70
Proceeds / (repayment) of short-term borrowings (net)	611.40	(896.91)
Repayment of lease liabilities	(36.24)	(43.97)
Repayment of interest on lease liabilities	(17.62)	(19.38)
Payment of dividend including dividend distribution tax	-	(47.69)
Interest paid	(506.96)	(474.79)
Net cash flows generated from / (used in) financing activities	4,386.98	2,413.76
Net increase / (decrease) in cash and cash equivalents (A+B+C)	4,054.96	727.28
Cash and cash equivalents at the beginning of the year (Refer note 13)	47.51	69.45
Cash and cash equivalents at the end of the year (Refer note 13)	4,102.47	796.73

Consolidated Statement of Cash Flows (Contd.)

For the year ended March 31, 2023

₹ Million

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cash and cash equivalents include:		
Balances with banks	117.82	757.74
Cash on hand	20.17	38.99
Total	137.99	796.73

Notes :

- 1) The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows, as specified in the Companies (Indian Accounting Standards), Rules, 2015 (as amended).
- 2) Additions to property, plant and equipment include movements of capital work-in-progress and capital advance during the year.
- 3) Changes in liabilities arising from financing activities

₹ Million

Particulars	Opening Balance	Cash movement	Non-Cash Changes			Closing Balance
			Foreign exchange changes	Fair value changes	Acquisition	
Long term borrowings (gross)	2,767.59	82.90	4.31	19.06	-	2,873.86
Short term borrowings (net)	2,409.22	611.40	-	-	-	3,020.62
Lease liabilities (RoU Asset)	1.88	(36.24)			58.63	24.27
	5,178.69	658.06	4.31	19.06	58.63	5,918.75

- 4) Figures for the previous year have been regrouped wherever necessary.

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 Firm's Registration No. 109982W
 by the hand of

Edwin Paul Augustine
 Partner
 Membership No. 043385"

**For and on behalf of the Board of Directors of
 Parag Milk Foods Limited**

Devendra Shah
 Chairman
 DIN: 01127319

Pritam Shah
 Managing Director & Interim Chief Financial Officer
 DIN: 01127247

Virendra Varma
 Company Secretary & Compliance Officer
 Membership No. F10520

Place: Mumbai
 Date: April 29, 2023

Place: Mumbai
 Date: April 29, 2023

Consolidated Statement of Changes in Equity

For the year ended March 31, 2023

₹ Million

Equity share capital (refer note 17)

Particulars	For the year ended March 31, 2023			
	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Balance at the end of the current reporting period
Issued, subscribed and paid-up (Equity shares of face value ₹ 10 each)	9,51,99,826	-	-	11,71,99,826

Particulars	For the year ended March 31, 2022			
	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Balance at the end of the current reporting period
Issued, subscribed and paid-up (Equity shares of face value ₹ 10 each)	8,39,38,567	-	-	9,51,99,826

Other equity (refer note 18)

	Reserves and Surplus					Money received against share warrants	Money received against FCCB	Other Comprehensive Income (Remeasurement in defined benefit plans)	Total other equity
	Securities premium	General reserve	Employee stock options outstanding	Retained earnings					
Balance as at April 1, 2021	4,447.85	59.26	7.29	3,927.76		-	-	(0.14)	8,442.02
Profit / (Loss) for the year	-	-	-	(5,324.95)		-	-	-	(5,324.95)
Other Comprehensive Income for the year (net of tax)	-	-	-	-		-	-	4.51	4.51
Securities premium credited for equity shares issued by ESOP Trust (Refer note 18A)	1,389.89	-	-	-		-	-	-	1,389.89
Deferred employee compensation expense (Refer note 18C)	-	7.29	(7.29)	-		-	-	-	(0.00)
Transfer of employee compensation expenses to General reserve (Refer note 18B)	-	(7.29)	-	-		-	-	-	(7.29)
Dividend paid (Refer note 18D)	-	-	-	(47.69)		-	-	-	(47.69)
Money received against share warrants (Refer note 18E)	-	-	-	-		25.00	-	-	25.00
Money received against Foreign Currency Convertible Bonds (FCCB) (Refer note 18F)	-	-	-	-		-	106.80	-	106.80

Consolidated Statement of Changes in Equity (Contd.)

For the year ended March 31, 2023

₹ Million

	Reserves and Surplus				Money received against share warrants	Money received against FCCB	Other Comprehensive Income (Remeasurement in defined benefit plans)	Total other equity
	Securities premium	General reserve	Employee stock options outstanding	Retained earnings				
Balance as at 31 March, 2022	5,837.74	59.26	-	(1,444.88)	25.00	106.80	4.37	4,588.29
Profit / (Loss) for the year	-	-	-	532.54	-	-	-	532.54
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	3.38	3.38
Securities premium credited for equity shares issued (Refer note 18A)	1,762.50	-	-	-	-	-	-	1,762.50
Transaction cost in respect of share warrants (Refer note 18D)				(1.50)				(1.50)
Money received against share warrants (Refer note 18E)	-	-	-	-	21.88	-	-	21.88
Balance as at March 31, 2023	7,600.24	59.26	-	(913.84)	46.88	106.80	7.75	6,907.08

Refer note 18 for nature and purpose of reserves

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No. 109982W
by the hand of

Edwin Paul Augustine

Partner

Membership No. 043385"

Devendra Shah

Chairman

DIN: 01127319

Pritam Shah

Managing Director & Interim Chief Financial Officer

DIN: 01127247

Virendra Varma

Company Secretary & Compliance Officer

Membership No. F10520

Place: Mumbai

Date: April 29, 2023

Place: Mumbai

Date: April 29, 2023

Notes to Consolidated Financial Statements

for year ended March 31, 2023

1. Corporate information

The consolidated financial statements comprise financial statements of Parag Milk Foods Limited ("the parent") and its subsidiary Bhagyalaxmi Dairy Farms Private Limited (collectively "the Group").

The parent is a public listed company incorporated under the provisions of the Companies Act, 1956 and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Group is engaged in the business of production and procurement of cow milk mainly in western and southern region, undertakes processing of milk and manufacture of various value added products namely cheese, butter, ghee, fresh cream, milk, milk powder, flavoured milk, lassi, curd etc. which are marketed under its registered brand name "Gowardhan", "Go", "Pride of Cows", "Topp up" and "Avvatar".

2. Basis of preparation

A. Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the company and its subsidiary, being the entities that it controls. Control is evidenced where the group has power over the investee or is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies of the group.

For non-wholly owned subsidiary a share of the profit/loss for the financial year and net assets is contributed to the non-controlling interests as shown in the Consolidated Statement of profit and loss.

The Group combines the financial statements of the parent and its subsidiary line by line adding together the items of assets, liabilities, equity, income and expenses. Inter Company transactions, balances and unrealised gains on transactions between Group Companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an

impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

B. Statement of compliance

The financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of Companies Act, 2013, (the 'Act') read with of the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act and guidelines issued by the Security and Exchange Board of India (SEBI).

The consolidated financial statements were authorised for issue by the Parent's Board of Directors on April 19, 2023.

Details of the Group's accounting policies are included in Note 3.

C. Basis of presentation

The Balance sheet and statement of profit & loss are prepared & presented in the format prescribed in the Division II of the Schedule III to the Act, the Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7, Statement of Cash Flows. The disclosure requirements with respect to items in the Balance sheet and Statement of Profit and loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

D. Functional and presentation currency

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

Items included in the financial statements of the Company are recognised using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (₹), which is Company's functional and presentation currency.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

E. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair value
Shared-based payments	Fair value
Biological Assets	Fair value
Net defined benefit (asset)/ liability	Present value of defined benefit obligation less Fair value of plan assets

F. (i) Current / non-current classification of assets/liabilities

The Group has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/liabilities are classified as non-current.

The Company presents assets and liabilities in the standalone balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

(ii) Operating Cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(iii) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Million as per the requirement of Schedule III, unless otherwise stated.

G. Use of estimates and judgements

In the preparation of the financial statements, the Group makes judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions, judgements and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2023 are as below and also been discussed in detail in the relevant section of accounting policies.

- Measurement of defined benefit obligations: key actuarial assumptions;
- Useful life of property, plant and equipment;
- Fair value measurement of financial instruments;
- Fair value measurement of biological assets;
- Impairment of financial assets;
- Allowance for doubtful debt;

Notes to Consolidated Financial Statements

for year ended March 31, 2023

- Probable outcome of matters included under contingent liabilities;
- Estimation of tax expenses, utilization of deferred tax assets and tax payable.

H. Measurement of fair values

Certain accounting policies and disclosures of the Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Share-based payments
- Financial instruments.
- Fair valuation of biological assets

3. Significant accounting policies

a) Property, plant and equipment

On transition to Ind AS, the Company elected to continue with the carrying value of all of its Property, Plant and Equipment recognised as at April 1, 2015 ("transition date") measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, thereafter as historical cost.

Estimated useful lives, residual values and depreciation methods are reviewed periodically, including at each reporting date, taking into account commercial and

technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised in the carrying amount of assets or recognised as a separate asset only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably.

All other repairs and maintenances are charged to the statement of profit and loss during the reporting period in which they are incurred.

iii. Depreciation

Depreciation on cost of fixed assets is provided on straight line method at estimated useful life, which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013, except for Second hand machineries which are depreciated over an estimated useful life of 10 years based on management estimate.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Depreciation on additions is provided on a pro-rata basis from the date of ready to use and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month preceding the month of deduction/disposal.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the standalone statement of profit and loss when the asset is derecognized.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than estimated recoverable amount.

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.

iv. **Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of classification.

v. **Capital work-in-progress**

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

b) **Intangible assets**

i. **Recognition and measurement**

Intangibles are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the intangible asset.

ii. **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii. **Amortisation**

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Assets	Useful life (years)
Trade Marks	10
Website Development	3
Computer Software	3

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Intangible assets with finite lives are 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 with a finite useful life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the standalone statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

c) **Leases**

The Company has implemented the Ind AS 116 "Leases" as notified by the Ministry of Corporate Affairs on March 30, 2019 through the Companies (Indian Accounting Standards) Amendment Rules, 2019.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all the lease contracts existing on April 1, 2019 using the modified retrospective method of transition. Accordingly, comparatives for the year ended

Notes to Consolidated Financial Statements

for year ended March 31, 2023

March 31, 2019 have not been retrospectively adjusted. The Company's lease asset classes primarily consist of leases of land, building and equipment.

The Company as a Lessee

The company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, the company assesses whether:

- (i) The contract involves use of identified asset;
- (ii) The company has substantially all of the economic benefit of from use of the asset through the period of the lease; and
- (iii) The company has the right to direct the use of the asset.

At the date of commencement of lease, the Company recognise a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve month or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as operating expense on straight-line basis over the term of lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Right of use of assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term

and useful life of the underlying asset. Right of use of assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The Lease liability is initially measured at amortized cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease, or if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re measured with corresponding adjustment to the related right to use of asset if company changes its assessment if whether it will exercise an extension or termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients elected on initial application.

1. Applied a single discount rate to portfolio of leases of similar assets in similar economic environment with similar end date.
2. Applied the exemption not to recognize right to use of asset and liabilities for leases with less than 12 months of lease term of the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
4. Excluding initial direct costs for the measurement of right to use of asset at the date of initial application.

d) Biological Asset

A biological asset is a living animal or plant.

An entity shall recognise a biological asset when, and only when:

- (a) the entity controls the asset as a result of past events;
- (b) it is probable that future economic benefits associated with the asset will flow to the entity; and (c) the fair value or cost of the asset can be measured reliably.

A biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset,

Notes to Consolidated Financial Statements

for year ended March 31, 2023

excluding finance costs and income taxes.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

Biological Assets i.e. livestock (cows) are measured at fair value less costs to sell, with any change therein recognised in statement of profit and loss.

e) Impairment

The carrying amount of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal/ external factors. An impairment loss on such assessment will be recognized wherever the carrying amount of an asset exceeds its recoverable amount.

i. Financial assets

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL with simplified approach. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be

recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

f) Inventories

Inventories are valued at the lower of cost (including prime cost, excise duty and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials, packing materials and stores and spares are valued at cost computed on first in first out basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Work-in-progress is valued at input material cost plus conversion cost as applicable.

Finished goods are valued at the lower of net realisable value and cost (including prime cost and other overheads incurred in bringing the inventories to their present location and condition), computed on a first in first out basis.

g) 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.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

i. **Recognition and initial measurement**

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.

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

ii. **Classification and subsequent measurement Financial Assets**

Financial assets carried at amortised cost

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the standalone statement of profit and loss. The losses arising from impairment are recognised in the standalone statement of profit and loss.

Financial assets at fair value through other comprehensive income

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the standalone statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

In case, the Group's management has made an irrevocable election at the time of initial recognition to account for the equity investment (Other than Investments in equity instruments of Subsidiary) fair value through other comprehensive income. This election is not permitted if the equity investment is held for trading. The classification is made on initial recognition and is irrevocable.

Investment in subsidiary

Investment in subsidiary is carried at cost in the standalone financial statements of the Parent.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities at fair value through profit or loss (FLTPL)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the standalone statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/

Notes to Consolidated Financial Statements

for year ended March 31, 2023

losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not

subsequently transferred to the standalone statement of profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair

value of such liability are recognised in the standalone statement of profit and loss. The company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

h) Trade receivable

Trade receivable are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects company unconditional right to consideration.

i) Trade and other payable

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. Trade payables are presented as current unless payment is not due within 12 months after the reporting period. They are recognized initially at the fair value and subsequently measured at amortized cost using the effective interest method.

j) Borrowings

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method.

k) Revenue recognition

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised goods or services to a customer. Revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of assets (goods or services) to a customer is done over time and in other cases, performance obligations satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation and the progress is measured in terms of a proportion of actual cost incurred to date, to the total estimated cost attributable to the performance obligation.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimate they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying Group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

Processing charges is recognised as per the terms of the contract when the related services are rendered.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest Income on Bank Deposits is accrued on time proportionate basis and at the applicable interest rate.

i) Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

m) Foreign currencies

Initial Recognition

On initial recognition, transaction in foreign currencies entered into by the Group are recorded in the functional currency (₹), by applying to the foreign currency amount, the

spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit & Loss.

Measurement of foreign currency items at reporting date

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognised in the Statement of Profit & Loss except exchange differences on long term foreign currency monetary items related to acquisition of fixed assets prior to transition to Ind AS, which are included in the cost of fixed assets.

n) Government grants

Government incentives are recognised at fair value when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received. The Government incentives are recognised in profit or loss on a systematic basis over the period in which the Group recognises the related costs for which the incentives are intended to compensate as expense or immediately if the costs have already been incurred.

Eligible export incentives and Bio-Gas subsidiary are recognised in the year in which the conditions precedents are met and there is no significant uncertainty about the collectability.

o) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in Other Comprehensive Income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the

Notes to Consolidated Financial Statements

for year ended March 31, 2023

uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if:

- (i) there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority; and
- (ii) there is intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- Temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Presentation of current and deferred tax

Current and deferred tax are recognised as income or an expense in the Statement of Profit & Loss, except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax income/ expense are recognised in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

MAT Credits are in the form of unused tax credits that are carried forward by the Group for a specified period of time, hence it is grouped with Deferred Tax Asset/Net of Deferred tax liabilities.

p) Borrowing costs

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Interest and other borrowing costs attributable to qualifying assets are capitalised upto the date such assets are ready for their intended use. Other interest and borrowing costs are charged to Statement of Profit and Loss.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

q) Provisions, contingent liabilities and contingent assets and commitments

The Group recognizes the provisions when a present obligation (legal or constructive) as a result of past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

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

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying the economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying the economic benefits is remote, no provision or disclosure is made.

Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

r) Employee benefits

Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, Employees State Insurance, are recognised as expenses in the period in which the employee renders the related service. The Group has no further obligations beyond its monthly contributions. The Group also provides for post-employment defined benefit in the form of gratuity. The cost of providing benefit is determined using the

projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Re-measurement of the net benefit liability, which comprise of actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in Other Comprehensive Income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at every year end using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

s) Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

t) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cheques on hand, demand deposits with banks and other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit/loss attributable to owners of the company

Notes to Consolidated Financial Statements

for year ended March 31, 2023

- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings shares to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

v) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Group are segregated.

w) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the company

x) Recent Accounting Developments

Ministry of Corporate Affairs ('MCA') on March 31, 2023 notified amendments to the existing standards under the Companies (Indian Accounting Standards) Rules, 2015 by the Companies (Indian Accounting Standards) Amendment Rules, 2023 which are effective from April 1, 2023, are as under:

Ind AS 1, Presentation of Financial Statements:

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after April 1 2023. Consequential amendments have been made in Ind AS 107.

The amendments are not expected to have a material impact on the Company's financial statements.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors:

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after April 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

Ind AS 12, Income Taxes:

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101.

The amendments to Ind AS 12 are applicable for annual periods beginning on or after April 1, 2023.

The Company has evaluated these amendments and there are no impacts on its financial statements.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 4: Property, plant and equipment

Particulars	Freehold land	Leasehold building improvements	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer	Total
₹ Million									
Year ended March 31, 2022									
Gross carrying amount									
Opening gross carrying amount	409.73	41.61	950.34	5,056.29	42.38	61.28	31.61	44.93	6,638.17
Additions during the year	36.60	-	6.25	131.43	4.60	12.23	3.05	3.45	197.61
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2022	446.33	41.61	956.59	5,187.72	46.98	73.51	34.66	48.38	6,835.78
Accumulated depreciation									
Opening accumulated depreciation	-	38.73	182.75	2,114.34	17.16	23.14	17.45	38.93	2,432.50
Depreciation charge during the year	-	0.61	35.49	414.49	4.45	7.88	4.65	3.13	470.72
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2022	-	39.34	218.24	2,528.83	21.61	31.02	22.10	42.06	2,903.22
Impairment									
Opening balance	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Net carrying amount up to March 31, 2022	446.33	2.27	738.35	2,658.89	25.37	42.49	12.57	6.32	3,932.59
Year ended March 31, 2023									
Gross carrying amount									
Opening gross carrying amount	446.33	41.61	956.59	5,187.73	46.99	73.51	34.66	48.38	6,835.80
Additions during the year	10.66	-	5.19	145.51	1.63	9.53	2.37	5.92	180.82
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing gross carrying amount as at March 31, 2023	456.99	41.61	961.78	5,333.24	48.62	83.04	37.03	54.30	7,016.62
Accumulated depreciation									
Opening accumulated depreciation	-	39.34	218.24	2,528.84	21.61	31.03	22.10	42.07	2,903.23
Depreciation charge during the year	-	0.04	36.18	453.19	4.53	8.71	4.76	3.16	510.57
Disposals during the year	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation up to March 31, 2023	-	39.38	254.42	2,982.03	26.14	39.74	26.86	45.23	3,413.80
Impairment									
Opening balance	-	-	-	-	-	-	-	-	-
Impairment during the year	-	-	-	-	-	-	-	-	-
Net carrying amount up to March 31, 2023	456.99	2.23	707.35	2,351.20	22.49	43.30	10.17	9.06	3,602.83

Refer note 39 for information on PPE pledged as security by the Group

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 4A: Capital Work-in-progress

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Reconciliation of carrying amount		
Opening balance	95.96	30.50
Additions during the year	370.51	78.04
Capitalised during the year	(19.41)	(12.58)
Closing balance	447.06	95.96

Ageing of Capital Work-in-progress as on March 31, 2023

₹ Million

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years*	
Projects in progress	363.66	83.40	-	-	447.06
Projects temporarily suspended	-	-	-	-	-
Total	363.66	83.40	-	-	447.06

* Capital Work-in-progress more than 3 years consist of "Milk Process Machine" which has been capitalised in June 2022.

Ageing of Capital Work-in-progress as on March 31, 2022

₹ Million

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	76.54	19.37	0.03	0.02	95.96
Projects temporarily suspended	-	-	-	-	-
Total	76.54	19.37	0.03	0.02	95.96

Notes :

- For details of assets given as security against borrowings (Refer note 19 and 22)
- Amount of contractual commitments for the acquisition of PPE (Refer note 45)
- There are no Capital Work-in-progress (CWIP) that are overdue or have exceeded their original plan/ budget.
- There is no impairment during the year.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 5: Other intangible assets

₹ Million

Particulars	Computer software	Website Development	Brands / Trade Marks	Total
Year ended March 31, 2022				
Gross carrying amount				
Opening gross carrying amount	72.23	0.12	13.48	85.83
Additions during the year	1.10	-	-	1.10
Closing gross carrying amount as at March 31, 2022	73.33	0.12	13.48	86.93
Accumulated amortisation				
Opening accumulated amortisation	63.53	0.12	2.75	66.40
Amortisation charge for the year	5.92	-	10.73	16.65
Closing accumulated amortisation up to March 31, 2022	69.45	0.12	13.48	83.05
Impairment				
Opening balance	-	-	-	-
Impairment during the year	-	-	-	-
Impairment up to March 31, 2022	-	-	-	-
Net carrying amount as at March 31, 2022	3.88	-	-	3.88
Year ended March 31, 2023				
Gross carrying amount				
Opening gross carrying amount	73.33	0.12	13.48	86.93
Additions during the year	2.26	-	-	2.26
Closing gross carrying amount as at March 31, 2023	75.59	0.12	13.48	89.19
Accumulated amortisation				
Opening accumulated amortisation	69.45	0.12	13.48	83.05
Amortisation charge for the year	4.19	-	-	4.19
Closing accumulated depreciation up to March 31, 2023	73.64	0.12	13.48	87.24
Impairment				
Opening balance	-	-	-	-
Impairment during the year	-	-	-	-
Impairment up to March 31, 2023	-	-	-	-
Net carrying amount as at March 31, 2023	1.95	-	-	1.95

Note:

There are no contractual commitments for the acquisition of intangible assets as at the reporting date.

The Group does not have any project related to development of an intangible asset whose completion is overdue or any project where cost have exceeded as compared to the original plan. There are no project where activities have been suspended.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 5A: Right-of-Use assets

₹ Million

Particulars	Right-of-Use assets	Total
Year ended March 31, 2022		
Gross carrying amount		
Opening gross carrying amount	156.41	156.41
Additions during the year	95.27	95.27
Disposals during the year	-	-
Closing gross carrying amount as at March 31, 2022	251.68	251.68
Accumulated depreciation		
Opening accumulated depreciation	51.47	51.47
Depreciation charge during the year	50.07	50.07
Disposals during the year	-	-
Closing accumulated depreciation up to March 31, 2022	101.54	101.54
Impairment		
Opening balance	-	-
Impairment during the year	-	-
Impairment up to March 31, 2022	-	-
Net carrying amount as at March 31, 2022	150.14	150.14
Year ended March 31, 2023		
Gross carrying amount		
Opening gross carrying amount	251.68	251.68
Additions during the year	58.62	58.62
Disposals during the year	-	-
Closing gross carrying amount as at March 31, 2023	310.30	310.30
Accumulated depreciation		
Opening accumulated depreciation	101.54	101.54
Depreciation charge during the year	57.99	57.99
Disposals during the year	-	-
Closing accumulated depreciation up to March 31, 2023	159.53	159.53
Impairment		
Opening balance	-	-
Impairment during the year	-	-
Impairment up to March 31, 2023	-	-
Net carrying amount as at March 31, 2023	150.77	150.77

Note 6 : Biological asset other than bearer plant - Livestock (Cows)

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	505.50	402.60
Less: Decrease due to sale/disposal	(12.86)	(17.70)
Add/(Less): Change in fair value less cost to sell (see note below)	112.90	120.60
Fair Value as at the end of the year	605.54	505.50

Note:

It represents change in price as well as changes on account of biological transformation. There have been no new purchase/acquisitions of biological assets.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 7: Non-current Investments

₹ Million

Particulars	Face value	As at March 31, 2023		As at March 31, 2022	
		Quantity (Nos)	Value	Quantity (Nos)	Value
Unquoted					
Investment in equity instruments (fully paid-up)					
Investment in other entities (fair value through Profit and Loss)					
OPGS Power Gujarat Private Limited	-	2,18,000	-	2,18,000	-
Rupee Co-Operative Bank Ltd.	-	3,800	-	3,800	-
Other Investments					
Investment in other entities which are carried at amortised cost					
Sharad Sahakari Bank Ltd.	-	318	-	318	-
SVC Bank Ltd	0.00	100	0.00	100	0.00
Investment in mutual fund (fair value through Profit and Loss)					
Union Gilt Growth Fund	₹ 10	20,41,549	21.09	-	-
Union Multicap Fund - Regular Plan Growth	₹ 10	29,99,850	28.14	-	-
Total			49.23		-
Total non-current investments			49.23		-
Aggregate amount of quoted investments			50.00		-
Aggregate amount of market value of quoted investments			49.23		-
Aggregate amount of unquoted investments at cost			-		-
Aggregate amount of impairment in the value of investments			-		-

Notes:

The investments are in compliance with Section 186(4) of the Companies Act, 2013.

Refer note no. 40 and 41 for information about fair measurement, credit risk and market risk of investments.

The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year 2022-23

Note 8: Loans - Non current

₹ Million

Particulars	As at		As at	
	March 31, 2023		March 31, 2022	
Loans and advances				
Secured, considered good		-		-
Unsecured, considered good		30.00		-
Unsecured, considered doubtful		-		-
Less : Allowances for doubtful loans		-		-
		30.00		-
Total		30.00		-

Refer note no 41 for information about credit risk and market risk for loans

Note :

- The Group has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.
- Loans given to employees as per the Group policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 9: Other financial assets – Non-current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Fixed deposits having original maturity of more than one year*	351.30	7.52
Interest receivable	-	0.09
Other Deposits		
Unsecured, considered good	77.81	104.77
Unsecured, considered doubtful	32.42	14.23
Less : Allowances for doubtful deposits	(32.42)	(14.23)
	77.81	104.77
Total	429.11	112.38

*The Group held Fixed deposits with bank having original maturity of more than one year of ₹ 351.30 Million as at March 31, 2023 (March 31, 2022: ₹ 7.52 Million). The credit worthiness of banks and financial institutions is evaluated by management on an ongoing basis and is considered to be good

Note 10: Other non-current assets

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured		
Capital advances		
Considered good	51.11	60.20
Considered doubtful	14.07	
Less : Allowances for doubtful advances	(14.07)	
	51.11	60.20
Prepaid expenses	20.71	8.32
Total	71.82	68.52

Note 11 : Inventories (At lower of cost and net realisable value)

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials	151.62	109.72
Work-in-progress	1,709.87	2,451.28
Finished goods	3,353.70	1,891.80
Packing material	265.82	158.71
Stores and spares	254.49	175.84
Total	5,735.50	4,787.35

Notes :

The cost of inventories recognised as an expense is disclosed in note 30 together with purchases disclosed in the Statement of profit and loss.

The mode of valuation of inventories has been stated in Note 3 (f)

The above includes goods in transit as below:

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Stock in transit – finished goods	44.72	39.14

The cost of inventories recognised as an expense includes ₹ Nil during the year ended March 31, 2023 (March 31, 2022: ₹ 5,095.46 Million) in respect of one time write off of inventories was done at the year end owing to its perishable nature, change in government policies with respect to restriction on use of specific raw material usage in products thereby leading to non moving stock. Further, such stock held was evaluated as spoilage under the Lab Test done by an Independent party and was declared as not fit for further consumption in products.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 12: Trade receivables

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
-Undisputed	1,682.34	1,253.07
-Disputed	-	-
Dues from other trade receivables, considered good		
Unsecured, considered doubtful		
-Undisputed	555.61	657.61
-Disputed	54.49	54.49
Less: Allowance for expected credit loss	(610.10)	(712.10)
	1,682.34	1,253.07
Total	1,682.34	1,253.07
The movement in allowance for expected credit loss is as follows:		
Balance as at beginning of the year	712.10	991.58
Allowance for expected credit loss during the year	(102.00)	(279.48)
Allowance for expected credit loss reversed during the year	-	-
Trade receivables written off during the year	-	-
Balance as at the end of the year	610.10	712.10

Ageing for Trade receivables from the due date of payment for each of the category as at March 31, 2023

₹ Million

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 Year	1-2 years	2-3 years	More than 3 Years	
Undisputed trade receivables considered good	508.74	1,115.11	43.04	15.45	-	-	1,682.34
Undisputed trade receivables which have significant increase in credit risk	-	62.66	55.96	46.57	-	390.41	555.61
Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-	-
Disputed trade receivables which have significant increase in credit risk	-	-	-	-	-	54.49	54.49
Disputed trade receivables - credit impaired	-	-	-	-	-	-	-
TOTAL (A)	508.74	1,177.77	99.00	62.02	-	444.90	2,292.44
Allowance for expected credit loss	-	62.66	55.96	46.57	-	444.90	610.10
Allowance for credit impairment	-	-	-	-	-	-	-
TOTAL (B)	-	62.66	55.96	46.57	-	444.90	610.10
TOTAL [(A)- (B)]	508.74	1,115.11	43.04	15.45	-	-	1,682.34
Percentage of expected credit loss followed for each bracket	0%	5%	57%	75%	0%	100%	

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Ageing for Trade receivables from the due date of payment for each of the category as at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 Year	1-2 years	2-3 years	More than 3 Years	
Undisputed trade receivables considered good	531.35	588.97	53.51	79.24	-	-	1,253.07
Undisputed trade receivables which have significant increase in credit risk	-	30.00	27.72	111.86	83.73	404.30	657.61
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables considered good	-	-	-	-	-	-	-
Disputed trade receivables which have significant increase in credit risk	-	-	-	-	-	54.49	54.49
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
TOTAL (A)	531.35	618.97	81.23	191.10	83.73	458.79	1,965.17
Allowance for expected credit loss	-	30.00	27.72	111.86	83.73	458.79	712.10
Allowance for credit impairment	-	-	-	-	-	-	-
TOTAL (B)	-	30.00	27.72	111.86	83.73	458.79	712.10
TOTAL [(A) – (B)]	531.35	588.97	53.51	79.24	-	-	1,253.07
Percentage of expected credit loss followed for each bracket	0%	5%	34%	59%	100%	100%	

Notes:

- Trade Receivable represents the amount of consideration in exchange for goods or services transferred to the customers that is unconditional.
- No trade receivables are due from directors or other officers of the Group, either severally or jointly with any other person, nor any trade and other receivables are due from firms or private companies respectively in which any directors is a partner, a director or a member.
- For the Group's exposure to credit and currency risk related to trade receivables – [Refer notes 41 (A) and 41 (C)].
- Trade receivables are receivable in normal operating cycle and are shown net of an allowance for bad or doubtful debts.
- Trade receivables stated above are charged on a first pari-passu basis between working capital consortium members led by Union Bank of India, State Bank of India and IDBI Bank Limited.
- There are no unbilled dues during the year.
- Trade receivables are usually on trade terms based on credit worthiness of customers as per the terms of contract with customers

Note 13: Cash and cash equivalents

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
– in current accounts	68.35	1.28
Short term bank deposits (maturity within 3 months)*	49.47	756.46
Cash on hand	20.17	38.99
Total	137.99	796.73

* Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposits rates.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 14: Other bank balances

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Short term bank deposits (maturity more than 3 months but less than 12 months)	14.98	43.32
Total	14.98	43.32

Note :

The Group held cash and cash equivalents and other bank balances of ₹ 152.97 Million as at March 31, 2023 (March 31, 2022: ₹ 840.05 Million). The credit worthiness of banks and financial institutions is evaluated by management on an ongoing basis and is considered to be good.

Note 15: Current tax assets (net)

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax assets (net)	140.97	106.58
Total	140.97	106.58

Note 16: Other current assets

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Advances other than capital advances		
Unsecured :		
Prepaid expenses	69.27	14.92
Advances to suppliers/others		
Considered good	2,646.40	1,351.11
Considered doubtful	68.56	110.48
Less : Allowances for doubtful deposit	(68.56)	(110.48)
	2,646.40	1,351.11
Recoverable from statutory and government authorities		
Unsecured :		
Electricity duty receivable	22.20	22.20
Less: Allowances for doubtful recovery	(22.20)	(22.20)
	-	-
PSI incentive and export subsidy receivable	729.49	708.06
Less: Provision for doubtful recovery	(9.93)	(8.61)
	719.56	699.45
Milk incentive receivable	86.20	86.20
Less: Provision for doubtful recovery	(5.50)	(86.20)
	80.70	-
PLI incentive receivable	58.98	-
Interest receivable	0.98	28.77
Unsecured, considered doubtful		
Advances and other recoverable	20.98	20.98
Recoverable from statutory and government authorities subject to outcome of assessments	25.24	25.24
Less: Allowance for doubtful advances	(46.22)	(46.22)
	-	-
Grand Total	3,575.89	2,094.25

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 17: Equity share capital

(a) Details of Equity Share Capital

₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	₹ Million	Number of shares	₹ Million
Authorised Shares				
Equity shares of ₹ 10 each	12,00,00,000	1,200.00	12,00,00,000	1,000.00
Issued, Subscribed and paid-up shares				
Equity shares of ₹10 each	11,71,99,826	1,172.00	9,51,99,826.00	952.00

(b) Reconciliation of the number of Equity shares and of Equity share capital amount outstanding at the beginning and at the end of the year.

Particulars	Number of shares (Nos.)	Face Value (₹)	Amount
As at 31st March, 2021	8,39,38,567	10.00	839.39
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	8,41,14,582	10.00	841.15
Less: Amount recoverable from ESOP Trust (face value of 1,76,015 share allotted to the Trust)	1,76,015	10.00	1.76
Net Issued, subscribed and fully paid up share capital	8,39,38,567	10.00	839.39
Add: Issued during the year	1,12,61,259	10.00	112.61
As at March 31, 2022	9,51,99,826		952.00
Issued subscribed and fully paid up share capital (including share issued to ESOP Trust)	9,51,99,826	10.00	952.00
Issued, subscribed and fully paid up share capital	9,51,99,826	10.00	952.00
Add: Issued during the year	2,20,00,000	10.00	220.00
As at March 31, 2023	11,71,99,826	10.00	1,172.00

(c) Terms and rights attached to equity shares

The Holding Company has only one class of shares referred to as equity shares having a par value of ₹ 10 per share. Each holders of equity shares carry one vote per share without restrictions and are entitled to dividend, as and when declared. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Details of shareholders holding more than 5% shares in the Holding Company

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares (Nos.)	% holding	Number of shares (Nos.)	% holding
Equity shares of ₹ 10 each fully paid				
Mr. Devendra Prakash Shah	2,02,06,400	17.24%	1,52,06,400	15.97%
Mr. Pritam Prakash Shah	91,59,888	7.82%	91,59,888	9.62%
Mrs. Netra Pritam Shah	1,38,67,027	11.83%	88,67,027	9.31%
International Finance Corporation	67,56,756	5.77%	67,56,756	7.10%
AG Dynamic Funds Ltd	73,92,250	6.31%	-	-

Notes to Consolidated Financial Statements

for year ended March 31, 2023

(e) Details of shareholdings by the Promoter's of the Holding Company.

Particulars	As at March 31, 2023		As at March 31, 2022		% change in the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Mr. Devendra Prakash Shah	2,02,06,400	17.24%	1,52,06,400	15.97%	(1.27%)
Mr. Pritam Prakash Shah	91,59,888	7.82%	91,59,888	9.62%	1.81%
Mr. Prakash Babulal Shah	100	0.00%	100	0.00%	0.00%
Mrs. Netra Pritam Shah	1,38,67,027	11.83%	88,67,027	9.31%	(2.52%)
Mrs. Priti Devendra Shah	22,22,820	1.90%	22,22,820	2.33%	0.44%
Mr. Poojan Devendra Shah	32,95,000	2.81%	32,95,000	3.46%	0.65%
Mrs. Shabdali Mitul Desai	10,000	0.01%	10,000	0.01%	0.00%
Mr. Stavan Pritam Shah	100	0.00%	100	0.00%	0.00%
Mrs. Rajani Prakash Shah	100	0.00%	100	0.00%	0.00%
Late Parag Prakash Shah	1,00,000	0.09%	1,00,000	0.11%	0.02%
Total Promoters shares outstanding	4,88,61,435	41.69%	3,88,61,435	40.82%	
Total shares outstanding	11,71,99,826		9,51,99,826		

- (f) As per records of the Holding Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares. The above percentage have been computed after excluding Nil nos (March 31, 2022 176,015 nos) of equity shares issued to ESOS Trust.
- (g) The Holding Company has not issued any equity shares pursuant to contract without payment being received in cash or by way of bonus shares or bought back any equity shares during the last five years preceding the balance sheet date.
- (h) The Holding Company has vide board resolution dated July 18, 2022, had issued 1,10,00,000 equity shares at a price of ₹ 93.75 (including a premium of ₹ 83.75) to AG Dynamics Funds Limited and 10,00,000 equity shares at a price of ₹ 93.75 (including a premium of ₹ 83.75) to Business Managers LLP on preferential basis of ₹ 10 each at ₹ 93.75 (including a premium of ₹ 83.75).
- (i) The Holding Company had vide board resolution dated May 10, 2021 issued 50,00,000 warrants at a price of ₹ 111 (including a premium of ₹ 101) to Mr. Devendra and 50,00,000 warrants at a price of ₹ 111 (including a premium of ₹ 101) to M^{rs} Netra P Shah, belonging to promoter and promoter group, entitling them for the subscription of equivalent number of equity shares of ₹ 10 each at ₹ 111 each (including premium of ₹ 101 per share). The aforementioned issue of equity shares and share warrants are being made for general corporate purpose and working capital requirements.
- During the FY 2022-23, the Holding Company has issued and allotted, 50,00,000 Equity Shares each, of face value ₹ 10 each fully paid up to Mr. Devendra P. Shah and Mrs. Netra P. Shah ('warrant holders') individually, consequent to the warrant holders having exercised their right for conversion of warrants into equity shares.
- The allotment has been made for cash, upon the receipt of the remaining exercise price of ₹ 83.25 per Share warrant (being an amount equivalent to the 75% of the warrant exercise price of ₹ 111 per warrant), aggregating to ₹ 83,25,00,000.
- (j) The Holding Company has issued and allotted 20,00,000 Convertible Share Warrants aggregating to ₹ 187.5 Million (received till date ₹ 41.8 Million) to Executive Director.
- (k) There was no equity shares bought back, bonus shares issued, or shares allotted as fully paid up pursuant to contract without payment in cash.
- (l) There are no shares reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 18: Other Equity

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Securities Premium	7,600.24	5,837.74
General Reserve	59.26	59.26
Retained Earnings	(913.84)	(1,444.88)
Other Comprehensive Income		
-Remeasurements of defined benefit plans	7.75	4.37
-Fair value of debt instruments through OCI	-	-
-Fair value of cash flow hedges through OCI	-	-
Money received against share warrants	46.88	25.00
Money received against FCCB	106.80	106.80
Total	6,907.09	4,588.29

Note: For movements in reserves – Refer Statement of Changes in Equity.

Movement in Reserves

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Securities Premium (A)		
Opening Balance (net off Premium on 1,76,015 shares allotted to the ESOP Trust)	5,837.74	4,447.85
Add: Securities premium credited on share and warrants issued *	1,762.50	1,389.89
Closing Balance	7,600.24	5,837.74
<p>* Pursuant to resolution passed by the Board of Directors of the Holding Company at the meeting held on May 10, 2021, the Holding Company has issued 1,37,61,259 Equity Shares of ₹ 10 each at a premium of ₹ 101 to International Finance Corporation; Sixth Sense India Opportunities II; Sixth Sense India Opportunities III; Devendra Shah and Netra Shah</p> <p>* Pursuant to resolution passed by the Board of Directors of the Holding Company at the meeting held on July 18, 2022, the Holding Company has issued 50,00,000 Share warrants of ₹ 10 each at a premium of ₹ 101 to Devendra Shah, Netra Shah respectively and 1,10,00,000 and 10,00,000 equity shares on preferential basis of ₹ 10 each at a premium of ₹ 83.75 to AG Dynamics Funds Ltd and Pivotal Business Managers LLP.</p>		
General Reserves (B)		
Opening Balance	59.26	59.26
Add: Transfer from Employee Stock Options Outstanding	-	-
Closing Balance	59.26	59.26
Employee Stock Options Outstanding (C)		
Opening Balance	-	7.29
Add: Deferred Employee Compensation Expense	-	(7.29)
Less: Transfer to General reserve	-	-
Closing Balance	-	-
Retained earnings (D)		
Opening Balance	(1,444.88)	3,927.76
Add: Profit after tax for the year	532.54	(5,324.95)
Less: Transaction Cost	(1.50)	-

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Particulars	As at March 31, 2023	As at March 31, 2022
Less: Dividends	-	(47.69)
Less: Dividends distribution tax	-	-
Closing Balance	(913.84)	(1,444.88)
Share warrants (E)		
Opening Balance	25.00	-
Add: Additions during the year **	21.88	25.00
Closing Balance	46.88	25.00
<p>*** Pursuant to resolution passed by the Board of Directors of the Holding Company at the meeting held on May 10, 2021, the Holding Company has issued 25,00,000 Share warrants of ₹ 10 each at a premium of ₹ 101 to Devendra Shah and Netra Shah.</p> <p>The Company has vide board resolution dated July 18, 2022, had issued 20,00,000 convertible share warrants, convertible in to 20,00,000 equity shares having a face value of ₹ 10 each at a price of ₹ 93.75 (including a premium of ₹ 83.75) to Akshali Shah."</p>		
Foreign Currency Convertible Bonds (FCCB) (F)		
Opening Balance	106.80	-
Add: Additions during the year ***	-	106.80
Closing Balance	106.80	106.80
<p>*** Pursuant to resolution passed by the Board of Directors of the Holding Company at the meeting held on May 28, 2021, the Holding Company has issued 10,680 FCCB bond having face value of USD 1,000 each to International Finance Corporation</p>		
Other Comprehensive Income (G)		
Opening Balance	4.37	(0.14)
Add: Change during the year (net of tax)	3.38	4.51
Closing Balance	7.75	4.37
Closing balance	6,907.09	4,588.29

Nature and purpose of reserves

(a) Securities Premium

The amount received in excess of face value of the equity shares is recognised as securities premium. This reserve will be utilised in accordance with the provisions of Section 52 of the Companies Act, 2013 ("the Act").

(b) General Reserves

General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend pay-out, bonus issue, etc. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

(c) Retained Earnings

Retained earnings are the profits that the Company has earned till date, net-off less any transfers to general reserve, dividends or other distribution to the shareholders.

(d) Employee Stock option outstanding

The shares option outstanding account is used to recognise the grant date fair value of options issued to employees under the Employee Stock Grant Scheme which are unvested as on the reporting date and is net of the deferred employee compensation expense.

(e) Share Warrants

Share warrants are instruments that give their holder the right to buy the stock of the issuing company at a predetermined price within a stipulated time frame. They are similar to options, the holder of a warrant has the right (but not the obligation) to purchase the shares of a company at a specified price in the future.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

(f) Other Comprehensive Income:

Remeasurement of Net Defined Benefit Plans: Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in other comprehensive income and are adjusted to retained earnings.

Debt Instruments through Other Comprehensive Income: The fair value change of the debt instruments measured at FVOCI is recognised in Debt instruments through OCI. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

Fair value of cash flow hedges through Other Comprehensive Income: The effective portion of the fair value change of the cash flow hedges measured at fair value through other comprehensive income is recognised in Cash flow hedges through Other Comprehensive Income. Upon derecognition, if the hedged cash flow relates to a non-financial asset, the amount accumulated in equity is subsequently included within the carrying value of that asset. For other cash flow hedges, amounts accumulated in other comprehensive income are taken to the statement of profit and loss at the same time as the related cash flow.

(g) Foreign Currency Convertible Bonds :

The conversion of the FCCBs will be at the option of IFC, the conversion price for the equity shares to be issued upon conversion of the FCCBs is ₹ 145 per share which is subject to adjustments in accordance with the terms agreed between the parties and applicable law. FCCBs shall be redeemed if not fully converted on the date that is 5 years plus one day from the date of subscription.

Note 19: Non-Current – Borrowings

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Measured at amortised cost		
Unsecured		
FCCB Bond (Refer note 19(c))	759.82	739.2
Secured		
Non convertible Debenture (NCD) (Refer note 19(d))	1,504.05	1501.3
Term loans		
From banks		
Rupee currency loan (Refer note 19(a))	596.34	504.47
Vehicle loan (Refer note 19(b))	13.64	22.62
	609.98	527.09
Less: Current maturity related to above	(321.52)	(171.29)
Total	2,552.33	2,596.30

Notes:

(a) Indian Rupee loans taken by Holding Company from a bank of ₹ 48.87 Million (March 31, 2022 : ₹ 114.16 Million) carry interest @ 9.15%-10.10%. The loans are repayable over 48-60 monthly instalments starting from March 2018, June 2019, July 2019, August 2019, September 2019, December 2019, and September 2020 along with interest. The loan is secured by pari passu charge on fixed assets and second pari passu charge on current assets of the Company and personal guarantee of Promoter Directors.

Indian Rupee loan taken by Subsidiary Company from a bank outstanding of ₹ 547.47 Million as at March 31, 2023 (March 31, 2022 : ₹ 390.31 Million) carried interest ranges from 10% to 12.40% p.a. The Rupee currency loan shall be payable in 85 monthly instalments starting from December 2022. The loan is secured by simple mortgage of Agricultural land and dairy land owned by the Company, located at village Sultanpur, Taluka – Amedgaon, Dist. – Pune- 410503 and admin building and cow sheds constructed thereupon along with hypothecation of existing plant and machinery, live stocks and other fixed assets and personal guarantee given by directors and their relatives.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

(b) Hire purchase loan taken by Holding Company of ₹ 13.64 Million (March 31, 2022 : ₹ 22.62 Million) carries interest @ 9.20% to 9.35 % p.a. The loans are repayable in 60 monthly instalments to 36 monthly instalments starting from December 2018; November 2019 and May 2021. of ₹ 0.05 Million to ₹ 0.56 Million each. The loan is secured by specific assets financed (vehicle).

(c) Pursuant to resolution passed by the Board of Directors of the Holding Company at the meeting held on May 28, 2021, the Company had issued 10,680 Foreign Currency Convertible Bonds (FCCB) having face value of USD 1,000 each through private placement of unlisted, unsecured, unrated to International Finance Corporation (IFC).

The conversion of the FCCBs will be at the option of IFC, the conversion price for the equity shares to be issued upon conversion of the FCCBs is ₹ 145 per share which is subject to adjustments in accordance with the terms agreed between the parties and applicable law. FCCBs shall be redeemed if not fully converted on the date that is 5 years plus one day from the date of subscription.

Coupon offered, if any of FCCB's, are repayable in 10 semi annual instalments starting from June 15, 2021 ; -

- i. interest at the rate of 2.5% p.a. payable in dollars semi-annually on each payment date on the outstanding unconverted amount of FCCBs till such time that the volume weighted average price per equity share of the Company traded on the relevant stock exchange for a 3 month period is below ₹ 175 per share;
 - ii. interest at the rate of 1.5% p.a. payable in dollars semi-annually on each payment date on the outstanding unconverted amount of FCCBs till such time that the volume weighted average price per equity share of the Company traded on the relevant stock exchange for a 3 month period, is equal to or greater than ₹ 175 per share but below ₹ 200 per share; and
 - iii. no interest shall be payable if the volume weighted average price per equity share of the Company traded on the relevant stock exchange for a 3 month period is equal to or greater than ₹ 200 per share.
- (d) Non-Convertible Debentures (NCDs) issued by the Holding Company are payable as per Redemption Schedule w.e.f. June 15, 2023 to June 15, 2029 in thirteen instalments, half yearly on 15th June and 15th December of ₹ 115.38 Million each. The Holding Company shall use the proceeds from the issue of the Debentures pursuant to this Deed to finance its future expansion plans and working capital requirements, in accordance with the Financial Plan and applicable Law. The loan is secured by pari passu charge on Immovable Properties situated at Samudrapalle Village, Panchayathi Palamner Mandal, Andhra Pradesh together with all the erections and constructions of every description which are standing, erected or attached to the properties.
- (e) Average interest rate for the non-current borrowings is 7.17%.
- (f) Refer note 41 for information about liquidity risk and market risk of borrowings.
- (g) All charges have been registered with the Registrar of Companies (ROC). The Group does not have charges or satisfactory which is yet to be registered with the ROC beyond the statutory period.

Note 20: Lease Liabilities - Non Current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer note 43)	102.33	112.29
Total	102.33	112.29

Note 21: Provisions - Non-current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for compensated absences (Refer note 44)	2.75	2.79
Provision for gratuity (net) (Refer note 44)	36.17	25.52
Total	38.92	28.31

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 22: Borrowings – current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Loans repayable on demand		
From banks– cash credit	2,932.44	2,409.22
Others		
Bill discounting	88.17	-
Non Convertible Debenture (NCDs) (Refer note 19)	230.77	-
Current maturities of long-term debt (Refer note 19)	90.75	171.29
Total	3,342.13	2,580.51

Notes:

- (a) Cash credit availed from banks by Holding Company are secured by first pari passu charge on all current assets of the Company and second pari passu charge on property, plant and equipments of the Company, personal guarantee of Promoter Directors. The cash credit is repayable on demand and carries interest @ 7.45% p.a. to 11.00% p.a. Cash credit availed from banks by Subsidiary Company are secured by hypothecation of stock and book debts of the company, personal guarantee of directors and their relatives. The cash credit is repayable on demand and carries interest ranging from 10% to 12.40% p.a.
- (b) Bill discounting under LC/ Non LC are secured by hypothecation of bills covering inland/ export sale.
- (c) Average interest rate for the current borrowings is 8.52%

Note 23 : Lease liabilities – Current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer note 43)	65.60	52.19
Total	65.60	52.19

Note 24: Trade payables – Current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Total outstanding dues of micro and small enterprises; and	12.65	8.77
(b) Total outstanding dues of creditors other than micro and small enterprises.	1,513.19	2,249.82
Total	1,525.84	2,258.59

Refer note 41 for information about liquidity and market risk of Trade payable.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Notes :

(a) Ageing for Trade payables from the due date of payment for each of the category as at March 31, 2023

₹ Million

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues MSME	3.51	8.55	0.59	-	-	12.65
Undisputed dues - Others	177.03	1,287.75	38.38	1.89	8.15	1,513.19
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	180.54	1,296.30	38.97	1.89	8.15	1,525.84

Ageing for Trade payables from the due date of payment for each of the category as at March 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	3.16	5.61	-	-	-	8.77
Undisputed dues - Others	237.31	1,837.05	84.17	17.37	73.92	2,249.82
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	240.47	1,842.66	84.17	17.37	73.92	2,258.59

(b) The Group has certain dues to supplies registered under as "micro" and "small" under Micro, Small and Medium Enterprises Act, 2006

The disclosures pursuant to the said MSMED Act are as follows:

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came in to force from October 2, 2006, certain disclosures are required to be made relating to dues to Micro and Small enterprises. On the basis of information and records available with the Management, the following disclosures are made for the amounts due to Micro and Small enterprises:

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	9.45	8.77
Interest	3.19	1.30
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	13.41	10.22
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	13.41	10.22

Notes to Consolidated Financial Statements

for year ended March 31, 2023

- (c) This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no material overdue principal amounts to such vendor as at the Balance Sheet date.

The Group exposure to currency and liquidity risks related to trade payables is disclosed in note 41.

Note 25: Other financial liabilities- Current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	60.93	49.94
Deposits - others	111.80	93.93
Employee related liabilities	97.98	88.10
Trade payable for capital goods other than payable to micro and small enterprises	58.74	66.36
Directors remuneration payable (Refer note 46)	15.70	0.54
Total	345.15	298.87

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as March 31, 2023 (March 31, 2022 : ₹ Nil)

(a) Ageing for trade payables for capital goods from the due date of payment for each of the category as at March 31, 2023

₹ Million

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues MSME	-	-	-	-	-	-
Undisputed dues - Others	-	37.46	0.80	3.34	17.14	58.74
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	-	37.46	0.80	3.34	17.14	58.74

(b) Ageing for trade payables for capital goods from the due date of payment for each of the category as at March 31, 2022

₹ Million

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed dues - MSME	-	-	-	-	-	-
Undisputed dues - Others	-	30.00	19.80	2.82	13.74	66.36
Disputed dues - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	-	30.00	19.80	2.82	13.74	66.36

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 26: Other Current Liabilities

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payables	152.71	102.30
Advances from customers*	446.68	334.17
Total	599.39	436.47

* Does not include financing component.

Note 27: Provisions – Current

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for compensated absences (Refer note 44)	4.51	4.42
Provision for gratuity (net) (Refer note 44)	0.54	0.33
Total	5.05	4.75

Note 28: Current tax liabilities (net)

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax liabilities (net)	1.16	1.73
Total	1.16	1.73

Note 29 : Revenue from Operations

Disaggregation of revenue from contract with customers

The Group has determined the categories of disaggregation of revenue considering the types/ nature of contracts. The Group derives revenue mainly from the transfer of goods.

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
A. Revenue from contract with customers:		
Sale of products	28,537.49	20,426.16
Sale of services	-	-
	28,537.49	20,426.16
B. Other operating revenues:		
Processing charges	61.89	116.94
Export benefits and incentives	0.96	0.25
Package Scheme of Incentive	240.01	166.56
Production Linked Incentive	58.98	-

Notes to Consolidated Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Bio-Gas subsidy	10.00	-
Scrap sale	16.87	7.63
	388.71	291.38
Total	28,926.20	20,717.54

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Timing of revenue recognition		
Goods transferred at a point in time	28,554.36	20,433.79
Goods transferred over the time	-	-
Total revenue from contract with customers	28,554.36	20,433.79
Add: Processing charges	61.89	116.94
Export benefits and incentives	0.96	0.25
Package Scheme of Incentives	240.01	166.56
Production Linked Incentives	58.98	-
Bio-Gas subsidy	10.00	-
Total revenue from operations	28,926.20	20,717.54

(ii) Disaggregation of revenue based on product		
Ghee	8,914.98	6,000.93
Cheese	6,918.55	4,927.15
Skimmed Milk Powder	5,159.96	4,019.94
Liquid Milk	3,214.15	2,422.92
Whey Powder	1,775.96	833.39
Dahi	941.90	734.14
Paneer	715.36	618.65
Sale of cattle feed	29.41	66.37
Sale of compost manure	31.29	30.76
Other consumer products	835.92	771.91
Total revenue from contract with customers	28,537.49	20,426.16

(iii) Revenue by location of customers		
India	28,248.07	20,142.89
Outside India	306.29	290.90
Total revenue from contract with customers	28,554.36	20,433.79
Add: Processing charges	61.89	116.94
Export benefits and incentives	0.96	0.25
Package Scheme of Incentive	240.01	166.56
Production Linked Incentive	58.98	-
Bio-Gas subsidy	10.00	-
Total revenue from operations	28,926.20	20,717.54

Notes to Consolidated Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Reconciliation of revenue recognised in statement of profit and loss with contracted price		
Revenue as per contracted price	29,511.19	21,467.20
Less: Discount/ Rebate	(956.82)	(1,033.41)
Total revenue from contract with customers	28,554.37	20,433.79
Add: Processing charges	61.89	116.94
Export benefits and incentives	0.96	0.25
Package Scheme of Incentive	240.01	166.56
Production Linked Incentive	58.98	-
Bio-Gas subsidy	10.00	-
Total revenue from operations	28,926.21	20,717.54

Notes :

- (a) In accordance with Indian Accounting Standard (Ind AS) 20, Accounting for Government Grants and Disclosure of Government Assistance, the Group has accounted for Industrial Promotion Subsidy under Package Scheme of Incentives, 2013 amounting to ₹ 240.01 Million (March 31, 2022: ₹ 166.56 Million), Production Link Incentives Scheme, 2021 amounting to ₹ 58.98 Million (March 31, 2022: ₹ Nil) as Other Operating Income in Statement of profit and loss.
- (b) The Group has also accounted for export subsidy and bio-gas subsidy amounting to ₹ 0.96 Million (March 31, 2022: ₹ 0.25 Million) and ₹ 10.00 Million (March 31, 2022: ₹ Nil) respectively as Other operating income in Statement of profit and loss.
- (c) Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Note 30 : Other income

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income		
On Financial assets measured at amortised cost		
Bank deposits	33.49	43.60
Others	1.53	-
Exchange fluctuation gain (net)	11.09	-
Customer advances written back	-	19.92
Provision written back (net)	267.53	-
Net gain / (loss) on sale or fair valuation of investments	0.42	0.41
Fair value changes in Livestock	112.90	120.60
Miscellaneous income	24.61	25.87
Total	451.57	210.40

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 31: Cost of materials consumed

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw materials consumed		
Inventory at the beginning of the year	109.72	111.22
Add: Purchases during the year	21,767.07	16,576.46
Add: Purchase of fodder/ generation of raw manure during the year	461.59	376.50
	22,338.38	17,064.18
Less: Inventory at the close of the year	(151.62)	(109.72)
Cost of materials consumed	22,186.76	16,954.46
Packing materials, stores spares & consumables consumed		
Inventory at the beginning of the year	334.56	269.59
Add: Purchases during the year	1,951.34	1,609.26
	2,285.90	1,878.85
Less: Inventory at the close of the year	(520.31)	(334.56)
Cost of materials consumed	1,765.59	1,544.29
Total	23,952.35	18,498.75

Note 32 : Purchases of Stock-in-trade

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Milk products	-	82.40
Total	-	82.40

Note 33: Changes in inventories of finished goods, stock-in-trade and work-in-progress

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventories – Milk Products		
Inventories at the beginning of the year		
Finished goods	1,891.80	1,687.80
Work-in progress	2,451.28	4,879.23
Stock-in-trade	-	-
	4,343.08	6,567.03
Less: Inventory at the close of the year		
Finished goods	3,353.70	1,891.80
Work-in progress	1,709.87	2,451.28
Stock-in-trade	-	-
	5,063.57	4,343.08
Changes in inventories:		
Finished goods	(1,461.90)	(204.00)
Work-in-progress	741.41	2,427.95
Stock-in-trade	-	-
Net increase/ (decrease)	(720.49)	2,223.95

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 34: Employee benefits expense

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages (including compensated absences)*	889.61	748.41
Contributions to provident and other funds (Refer note 44)	37.26	32.82
Gratuity (Refer note 44)	9.07	10.58
Staff welfare expenses	44.62	44.82
Total	980.56	836.63

* includes salary paid to relative of KMP (Refer note 46)

Note 35: Finance costs

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expenses on		
Borrowings	532.94	499.98
Lease liabilities (Refer note 43)	16.97	-
Others	1.65	9.61
Total	551.56	509.59

Note 36: Depreciation and amortisation expense

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of Property, plant and equipment	510.57	470.72
Amortisation of intangible assets	4.19	16.65
Depreciation of Right of Use assets (Leased Assets)	57.99	50.07
Total	572.75	537.44

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 37: Other expenses

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Transport and freight charges	871.03	749.34
Power and fuel	468.11	390.36
Rent (refer note 43)	125.61	129.26
Rates and taxes	61.86	60.22
Insurance	5.31	24.12
Repairs and maintenance		
- Plant and equipments	74.09	56.55
- Building	9.47	4.25
- Others	16.45	14.52
Packing charges	132.75	111.59
Labour charges	221.20	208.33
Exchange fluctuation (net)	24.27	71.35
Security charges	19.65	16.44
Travelling and conveyance	42.89	30.52
Legal and professional fees	122.72	127.65
Director's remuneration (Refer note 42)	48.00	48.00
Sales promotion, commission & advertisement	728.34	609.94
Commission on sales	45.35	39.72
Allowances for doubtful debts & advances (net)	70.36	354.15
Expenditure towards Corporate Social Responsibility (Refer note 37.4)	-	23.48
Loss on sale or death of livestock	9.94	13.70
Bank charges	15.70	6.19
Hire charges	9.75	3.78
Fair valuation loss - investment	1.19	-
Auditor's remuneration (Refer note 37.1)	4.46	3.43
Miscellaneous expenses	401.92	362.83
Total	3,530.42	3,459.72

Notes to Consolidated Financial Statements

for year ended March 31, 2023

37.1: Details of payments to auditors

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Auditors remuneration		
Statutory audit fees	3.00	3.43
Certification work	0.33	-
Reimbursement of expenses	1.13	-
Total	4.46	3.43

37.2: Undisclosed income

There are no transactions which are not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

37.3: Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto currency or Virtual currency during the financial year

37.4: Disclosure on Corporate Social Responsibility Expense

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
1. Amount required to be spent during the year	-	23.40
2. Amount of expenditure incurred on:		-
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	23.48
3. Shortfall at the end of the year	-	-
4. Total of previous years shortfall	-	-
5. Reason for shortfall	-	N.A.
6. Nature of CSR activities	-	CSR projects of Parag Milk Foods Limited are focused on promotion of quality education, promotion of health care and animal welfare
7. Details of related party transactions in relation to CSR expenditure	-	-

The Holding Company is not obligated to contribute towards Corporate Social Responsibility (CSR) for the year 2022-23 in terms of Section 135 of Companies Act, 2013. However, the Holding Company has spent for CSR amounting of ₹ 7.17 Million during the year 2022-23.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 38: Income tax

(a) The major components of recognised deferred tax assets/(liabilities) arising on account of timing differences are as follows:

For the year ended March 31, 2023

₹ Million

Particulars	Net balance April 1, 2022	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2023
Deferred tax liabilities				
Property, plant and equipment & Intangible assets	273.02	(33.86)	-	239.16
Fair value of livestock	79.45	31.41	-	110.86
Sub-Total	352.47	(2.45)	-	350.02
Deferred tax assets				
Expected credit loss on financial assets	220.55	(28.39)	-	192.16
Expenses allowed on payment basis	10.20	15.85	(1.15)	25.10
Unabsorbed losses	73.44	32.01	-	105.45
Sub-Total	304.19	19.47	(1.15)	322.71
Minimum Alternate Tax (MAT) credit				
Recognised	8.31	-	-	8.31
Sub-Total	8.31	-	-	8.31
Net Deferred tax assets/(liabilities)	(39.97)	21.92	(1.15)	(19.00)

For the year ended March 31, 2022

₹ Million

Particulars	Net balance April 1, 2022	Recognised in profit or loss	Recognised in OCI	Net balance March 31, 2022
Deferred tax liabilities				
Property, plant and equipment & Intangible assets	245.05	27.97	-	273.02
Fair value of livestock	45.90	33.55	-	79.45
Sub-Total	290.95	61.52	-	352.47
Deferred tax assets				
Expected credit loss on financial assets	261.93	(41.38)	-	220.55
Expenses allowed on payment basis	16.75	(5.06)	(1.49)	10.20
Unabsorbed losses	34.82	38.62	-	73.44
Sub-Total	313.50	(7.82)	(1.49)	304.19
Minimum Alternate Tax (MAT) credit				
Recognised	8.31	-	-	8.31
Sub-Total	8.31	-	-	8.31
Net Deferred tax assets/(liabilities)	30.86	(69.34)	(1.49)	(39.97)

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Notes:

- (a) Minimum Alternative Tax (MAT) credit balance as at March 31, 2023 amounts to ₹ 8.31 Million (March 31, 2022 : ₹ 8.31 Million). The Company is reasonably certain of availing the said MAT credit in future years against the normal tax expected to be paid in those years.
- (b) Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered.

Note 38: Income tax

(b) Income tax expense

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	35.07
Total	-	35.07
Deferred tax		
Deferred tax charge/(credit)	(21.92)	69.34
MAT Credit entitlement	-	-
Total	(21.92)	69.34
Income tax expense	(21.92)	104.41

The Holding Company has not created deferred tax asset on the following tax losses :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Unabsorbed brought forward business loss	4,766.35	-
Unabsorbed depreciation	423.61	-
Total	5,189.96	-

(c) Amounts recognised in Other Comprehensive Income

₹ Million

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Before tax	Tax (Expense) /Benefit	Net of tax	Before tax	Tax (Expense) /Benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurement of the defined benefit plans	4.53	(1.15)	3.38	6.00	(1.49)	4.51

Notes to Consolidated Financial Statements

for year ended March 31, 2023

(d) Reconciliation of effective tax rate:

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before income tax expense	510.62	(5,220.54)
Applicable Tax rate*	25.17%	25.17%
Expected income tax expense	128.51	(1,313.91)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of non deductible expenses	(39.51)	(3.10)
Effect of change in tax rate*	-	35.07
Others	(124.12)	1,387.50
Income tax expense	(35.12)	105.56
Effective tax rate	(6.88%)	(2.02%)

Note : 39 Assets pledged as security

₹ Million

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Assets		
Financial assets		
Trade Receivables	1,682.34	1,253.07
Cash and cash equivalents	137.99	796.73
Other financial assets	14.98	43.32
	1,835.31	2,093.12
Non-financial assets		
Inventories	5,735.50	4,787.35
Other current assets	3,575.89	2,094.25
Total Current assets pledged as security	9,311.39	6,881.60
Non Current assets		
Non-financial assets		
Land	456.99	446.33
Building	709.58	740.62
Furniture, fittings and equipment	22.49	25.37
Plant and equipments	2351.2	2,658.89
Others	62.53	61.38
Intangible assets	1.95	3.88
Capital work-in-progress	447.06	95.96
Biological asset other than bearer plant - Livestock (Cows)	605.536	505.5
Total non-current assets pledged as security	4657.336	4537.93
Total assets pledged as security	15,804.04	13,512.65

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 40: Disclosure pursuant to Indian Accounting Standard (Ind AS) 107, Financial Instruments – Disclosures

A. Accounting classification and fair values

The under mentioned table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

B. Measurement of fair value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

C. Fair Value Hierarchy

The fair value of financial instruments as referred to above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period and the mutual funds are valued using closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

₹ Million

As at March 31, 2023	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Other non-current financial assets							
Investments – Mutual funds	50.00	-	50.00	49.23	-	-	49.23
Others							
Loans	-	30.00	30.00	-	-	-	-
Other financial assets (non current)	-	429.11	429.11	-	-	-	-
Trade receivable	-	1,682.34	1,682.34	-	-	-	-
Cash and cash equivalents	-	137.99	137.99	-	-	-	-
Other bank balances	-	14.98	14.98	-	-	-	-
Total	50.00	2,294.42	2,344.42	49.23	-	-	49.23
Financial liabilities							
Borrowings – non-current	-	2,552.33	2,552.33	-	-	-	-
Borrowings – current	-	3,342.13	3,342.13	-	-	-	-
Trade payables	-	1,525.84	1,525.84	-	-	-	-
Other financial liabilities	-	345.15	345.15	-	-	-	-
Total	-	7,765.45	7,765.45	-	-	-	-

Notes to Consolidated Financial Statements

for year ended March 31, 2023

₹ Million

As at March 31, 2022	Carrying amount			Fair value			
	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Other non-current financial assets							
Other financial assets (non current)	-	112.38	112.38	-	-	-	-
Trade receivable	-	1,253.07	1,253.07	-	-	-	-
Cash and cash equivalents	-	796.73	796.73	-	-	-	-
Other bank balances	-	43.32	43.32	-	-	-	-
Total	-	2,205.50	2,205.50	-	-	-	-
Financial liabilities							
Borrowings - non-current	-	2,596.30	2,596.30	-	-	-	-
Borrowings - current	-	2,580.51	2,580.51	-	-	-	-
Trade payables	-	2,258.59	2,258.59	-	-	-	-
Other financial liabilities	-	298.87	298.87	-	-	-	-
Total	-	7,734.27	7,734.27	-	-	-	-

Note 41: Financial Risk Management

Risk management framework

The Group has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework. The Group has formulated and adopted Risk Management Policy to prescribe risk assessment, management, reporting and disclosure requirements of the Group.

The audit committee of the holding company also oversees how management monitors compliance with the Group risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group operations. The Group principal financial assets include investments in equity shares, loans, trade and other receivables, and cash and cash equivalents that the Group derives directly from its operations. The Group also holds FVTOCI/FVTPL investments.

The Group activities expose it to market risk, liquidity risk and credit risk. The Group primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

This note explains the sources of risk to which the Group is exposed to and how the entity manages the risk.

(A) Credit risk

Trade and Other receivables

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The carrying amounts of financial assets represent the maximum credit risk exposure.

Concentration of credit risk with respect to Trade receivables are limited, due to the customer base being large, diverse and across sector and countries. All trade receivables are reviewed and assessed for default on quarterly basis.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Trade receivables are typically unsecured and are derived from revenue earned from customers located in India. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. In monitoring customer credit risk, customers are Grouped according to their credit characteristics, including whether they are General trade, Modern trade, Institutional and Horeca customers. Outstanding customers are regularly monitored.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Outstanding for a period not exceeding six months	1,686.51	1,150.32
Outstanding for a period exceeding six months	605.92	814.85
Gross trade receivables	2,292.44	1,965.17
Less: Allowance for expected credit loss	(610.10)	(712.10)
Net trade receivables	1,682.34	1,253.07

On account of adoption of Ind AS 109, *Financial Instruments*, the Group uses expected credit loss model to assess the impairment loss. The Group computes the expected credit loss allowance as per simplified approach for trade receivables based on available external and internal credit risk factors such as the ageing of its dues, market information about the customer and the Group historical experience for customers. The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is based on the ageing of the receivable days and the rates as given in the provision matrix.

The movement in the loss allowance in respect of trade and other receivables is as follows

₹ Million

Loss allowance on trade receivables	Amount
Balance as at April 1, 2021	991.58
Add Allowance for expected credit loss	8.41
Less: Reversal of allowance for expected credit loss	(287.89)
Balance as at March 31, 2022	712.10
Add Allowance for expected credit loss	41.81
Less: Reversal of allowance for expected credit loss	(143.80)
Balance as at March 31, 2023	610.10

Cash and bank balances:

Credit risk on cash and bank balances is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by domestic credit rating agencies.

(B) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Group objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft/ cash credit facility. The Group also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities. The Group has access to a sufficient sources of short term funding with existing lenders that could be arrange upon should there be need.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

(i) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

₹ Million

Contractual maturities of financial liabilities March 31, 2023	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including interest accrued but not due)	2,907.37	146.89	219.72	3,077.81	3,444.42
Borrowings - current	3,342.13	3,342.13	-	-	3,342.13
Trade payables	1,525.82	1,475.70	39.38	10.76	1,525.84
Lease Liabilities	167.92	65.60	53.06	49.27	167.93
Other financial liabilities	303.36	303.36	-	-	303.36
Total non-derivative liabilities	8,246.60	5,333.68	312.16	3,137.84	8,783.68

₹ Million

Contractual maturities of financial liabilities March 31, 2022	Carrying value	1 year or less	1-2 years	2- 5 years	Total
Non-derivatives financial liabilities					
Borrowings - non-current (including interest accrued but not due)	2,642.93	221.04	508.44	3,475.19	4,204.67
Borrowings - current	2,580.51	2,580.51	-	-	2,580.51
Trade payables	2,262.01	2,262.01	-	-	2,262.01
Lease Liabilities	164.48	52.19	54.91	57.38	164.48
Other financial liabilities	252.24	252.24	-	-	252.24
Total non-derivative liabilities	7,902.17	5,367.99	563.35	3,532.57	9,463.91

(c) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates and foreign currency exchange rates) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The group is exposed to market risk primarily related to foreign exchange rate risk and interest rate risk.

(i) Foreign currency risk

The Group is subject to risk of changes in foreign currency values that impact costs of imported raw material and import of equipment for expansion of plants, primarily with respect to USD and EURO. The Group business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations.

The Group has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2023.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

(a) The Group unhedged exposure to foreign currency risk at the end of the reporting period are as follows

₹ Million

Sr no	Particulars	Currency	As at March 31, 2023		As at March 31, 2022	
			₹	Foreign currency	₹	Foreign currency
A	Financial assets					
(i)	Trade receivables	USD	52.47	0.64	14.87	0.20
B	Financial liabilities					
(ii)	FCCB	USD	759.82	10.68	739.20	10.68
	Interest Payable on FCCB	USD	6.47	0.08	0.14	0.00
		USD			0.08	0.00
		EURO			3.89	0.05
(iii)	Trade payables	AUD	(5.88)	(0.07)	2.56	0.04
		GBP			0.06	0.00

(b) Sensitivity

A reasonably possible strengthening (weakening) of the Indian Rupee against various currency mentioned in the table below as at March 31, 2023 would have affected the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

₹ Million

	Profit / (loss) before tax gain / (loss)		Equity, gross of tax	
	Strengthening	Weakening	Increased	(Decreased)
March 31, 2023				
Effect in ₹				
1 % movement				
USD	(0.46)	0.46	(0.46)	0.46
EUR	(0.06)	0.06	(0.06)	0.06
AUD	-	0.00	-	-
GBP	-	0.00	-	-
March 31, 2022				
Effect in ₹				
1 % movement				
USD	(0.15)	0.15	(0.15)	0.15
EUR	0.04	(0.04)	0.04	(0.04)
AUD	0.03	(0.03)	0.03	(0.03)
GBP	0.00	(0.00)	0.00	(0.00)

Notes to Consolidated Financial Statements

for year ended March 31, 2023

(i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

The Group borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, Financial Instruments: Disclosures, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

Group interest rate risk arises from borrowings. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows :

₹ Million

Particulars	March 31, 2023	March 31, 2022
Fixed rate instruments		
Financial assets		
Bank deposits	415.76	807.30
Total	415.76	807.30

₹ Million

Particulars	March 31, 2023	March 31, 2022
Variable rate instruments		
Financial liabilities		
Non-current borrowings	2,552.33	2,596.30
Current maturities of non-current borrowings	321.52	171.29
Current borrowings	3,020.61	2,409.22
Total	5,894.46	5,176.81

(b) Cash flow sensitivity analysis for variable-rate instruments

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability as at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Impact on profit/(loss) - Increase / (Decrease) in profit	
	March 31, 2023	March 31, 2022
Interest rates – increase by 100 basis points *	(58.94)	(51.77)
Interest rates – decrease by 100 basis points *	58.94	51.77

* Holding all other variables constant

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 42: Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to safeguard the Company's ability to remain as a going concern and maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans, long term and other strategic plans and the requirements of the financial covenants. To maintain or adjust the capital structure, the Holding Company may adjust its dividend payment ratio to shareholders, return capital to shareholders or issue fresh shares.

The Group monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The Group adjusted net debt to equity ratio at March 31, 2023 was as follows.

₹ Million

Particulars	March 31, 2023	March 31, 2022
Borrowings		
Long term and Short term borrowings	5,572.94	5,005.52
Current maturities of Long term borrowings	321.52	171.29
Less: Cash and cash equivalents	(504.27)	(847.57)
Adjusted net debt	5,390.19	4,329.24
Total Equity	8,079.09	5,540.29
Adjusted net equity	8,079.09	5,540.29
Adjusted net debt to adjusted equity ratio	0.67	0.78

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital of the Group during the current and previous year.

Note 43:- Disclosure pursuant to Indian Accounting Standard (Ind AS) 116, Leases

The company has entered into commercial leases for taking office spaces on lease. These leases have an average term of three to five years with renewal option and escalation clauses included in the agreements. There are no restrictions placed upon the Company by entering into these leases. The Company has not given any sub lease during the year. Some of the lease arrangements also include a non-cancellable period.

A. Right-of-Use assets

₹ Million

Carrying Value	March 31, 2023	March 31, 2022
Opening balance	251.68	156.41
Additions/ (Deletions)	58.62	95.27
Disposal / derecognized during the year	-	-
Closing balance	310.30	251.68

Notes to Consolidated Financial Statements

for year ended March 31, 2023

₹ Million

Accumulated depreciation	March 31, 2023	March 31, 2022
Opening balance	101.54	51.47
Additions/ (Deletions)	57.99	50.07
Disposal / derecognized during the year	-	-
Closing balance	159.53	101.54

B. Lease Liabilities

₹ Million

Particulars	March 31, 2023	March 31, 2022
Opening balance	164.48	112.14
Additions/ (Deletions)	58.63	70.49
Accredition of interest	17.62	20.42
Payments	72.80	38.57
Closing balance	167.93	164.48

₹ Million

Lease liabilities	March 31, 2023	March 31, 2022
Current	65.60	52.19
Non - current	102.33	112.29
Total	167.93	164.48

C. Disclosure for minimum lease rentals payable under non-cancellable lease agreements are as below:

₹ Million

Lease liabilities	March 31, 2023	March 31, 2022
Not later than one year	76.35	62.64
Later than one year and not later than five years	107.85	181.34
Total	184.20	243.98

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

D. Amounts to be recognised in Statement of profit and loss for the year ended March 31, 2023

₹ Million

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of Right-of-Use assets	57.99	50.07
Interest expense on lease liabilities	17.62	20.42
Total	75.61	70.49

E. Lease rent

₹ Million

Particulars	March 31, 2023	March 31, 2022
Lease payments recognised for short term leases in Statement of Profit and Loss during the year	125.61	129.26
Total	125.61	129.26

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 44: Disclosure pursuant to Indian Accounting Standard (Ins AS) 19, Employee Benefits

A. Defined contribution plan

The Group has recognised an amount of ₹ 37.26 Million (March 31, 2022: ₹ 33.81 Million) as expenses under the Defined Contribution Plans in the Statement of Profit and Loss as below:

₹ Million		
Particulars	March 31, 2023	March 31, 2022
Provident Fund	32.10	28.29
National Pension Scheme	0.63	0.32
Employees State Insurance	4.40	5.11
Labour Welfare Fund	0.13	0.09
Total	37.26	33.81

B. Defined Benefit Plan- Gratuity

The Group operates a defined benefit gratuity plan, which is governed by the Payment of Gratuity Act, 1972. The plan entitles an employee who has completed at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the last drawn wage by the employee concerned, subject to the maximum limit specified under the Payment of Gratuity Act, 1972 as amended from time to time. The gratuity amount is payable on termination of the employee or retirement whichever event is earlier, the benefit vest after five years of continuous service.

The defined benefit gratuity plan is administered by a Trust that is legally separate from the Group. The gratuity plan is a funded plan, managed by Life Insurance Group ("LIC") and the Group's makes annual contributions to Group Gratuity cum Life Assurance Scheme managed by LIC.

The most recent actuarial valuation of the defined benefit obligation was carried out as at March 31, 2023. The present value of the defined benefit obligations and the related current service cost and past service costs were measured using Projected Unit Credit Method.

These plans typically expose the Group to actuarial risks such as: inherent interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based in government bonds. If bond yield fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Based on the actuarial valuation obtained in respect of gratuity, the table below sets out the status of the gratuity plan and the amounts recognized in the Group financial statements as at the balance sheet date.

₹ Million

Defined benefit plans	March 31, 2023	March 31, 2022
I Expenses recognised in statement of profit and loss during the year:		
Current service cost	8.54	8.46
Expected return on plan assets	(2.56)	(1.65)
Interest cost on benefit obligation	3.82	3.77
Total Expenses	9.80	10.58
II Expenses recognised in OCI		
Actuarial (gain) / loss due to demographic assumption changes in DBO	-	(0.08)
Actuarial (gain) / loss due to financial assumption changes in DBO	1.86	(1.15)
Actuarial (gain)/ losses due to experience on DBO	(5.76)	(5.26)
Return on Plan Assets (greater) / less than Discount rate	(0.62)	0.49
Total Expenses	(4.52)	(6.00)
III Net asset /(liability) recognised as at balance sheet date:		
Present value of defined benefit obligation (DBO)	(74.23)	(63.55)
Fair value of plan assets	37.52	37.70
Funded status [Surplus/(Deficit)]	(33.50)	(22.57)
IV Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	63.55	65.14
Current service cost	8.54	8.46
Interest cost	3.82	3.77
Actuarial (gain)/ loss	3.62	(6.49)
Benefits paid	(5.30)	(7.33)
Present value of defined benefit obligation at the end of the year	74.23	63.55
V Movements in fair value of the plan assets		
Opening fair value of plan assets	37.70	25.84
Expected returns on plan assets	2.56	1.65
Actuarial (gain)/ loss on Plan assets	(0.01)	0.31
Contribution from employer	1.75	18.03
Benefits paid	(4.49)	(8.13)
Closing fair value of the plan assets	37.51	37.70

Notes to Consolidated Financial Statements

for year ended March 31, 2023

₹ Million

Defined benefit plans		March 31, 2023	March 31, 2022
VI Maturity profile of defined benefit obligation			
Within the next 12 months (next annual reporting period)		18.36	14.61
Between 1 to 5 years		37.51	30.66
Between 6 to 10 years		28.20	24.05
Over 10 years		27.26	23.60
VII Quantitative sensitivity analysis for significant assumptions is as below:			
1	Increase/(decrease) on present value of defined benefit obligation at the end of the year		
	(i) +100 basis points increase in discount rate	(4.10%)	(4.27%)
	(i) -100 basis points decrease in discount rate	4.50%	4.68%
	(iii) +100 basis points increase in rate of salary increase	4.50%	4.62%
	(iv) -100 basis points decrease in rate of salary increase	(4.18%)	(4.34%)
2	Sensitivity analysis method		
	Sensitivity analysis performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.		
VIII Actuarial Assumptions:			
	Discount rate	6.79%	6.67%
	Expected return on assets	6.79%	6.37%
	Expected rate of salary increase	6.50%	6.50%
	Withdrawal rate	13.00%	13.00%
	Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

- The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.
- The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The gratuity fund is managed by life insurance Group, details of fund invested by insurer are not available with Group.
- The Group expects to make a contribution of ₹ 18.36 Million to the defined benefit plans (gratuity - funded) during the next financial year.
- The average duration of the defined benefit plan obligation at the end of the reporting period is 6.79 years.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

C. Annual leave and sick leave (compensated absence)

The liability towards compensated absences (annual leave and sick leave) for the year ended March 31, 2023 based on actuarial valuation carried out by using Projected Unit Credit method resulted in increase in liability by ₹ 0.05 Million. (Previous Year- decreased by ₹. 0.28 Million)

Total liability on account of compensated absences as on March 31, 2023 is ₹ 7.26 Million (March 31, 2022 : ₹ 7.21 Million)

₹ Million

Financial Assumptions	March 31, 2023	March 31, 2022
Discount rate	7.43%	6.84%
Basic salary increases allowing for price inflation	6.00% -7.00%	6.00% -7.00%
Demographic Assumptions	March 31, 2023	March 31, 2022
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee turnover	13.00%	13.00%
Leave Availment Ratio	15% for two years	15% for two years

Note 45: Contingent liabilities and Commitments

₹ Million

Sr no	Particulars	As at March 31, 2023	As at March 31, 2022
(A) Contingent liabilities			
Holding Company			
a)	Sales tax matter under litigation in respect of Company for FY 2009-10, F.Y. 2010-11, FY 2016-17 and FY 2017-18 for pending forms and lower allowance on account of Central Quantum Benefit, against which appeal has been filed.	40.20	50.32
b)	Goods and Service Tax matter under litigation in respect of Company for FY 2019-20.	6.44	7.85
c)	Sales Tax matter under litigation in respect of Company for FY 2017-18 for pending forms.	-	6.50
d)	Income tax matter under litigation for the AY 2012-13 to AY 2014-15 and AY 2016-17 to AY 2021-22 of Company.	545.96	292.12
e)	Corporate Guarantee given by the Holding Company for Loan taken by suppliers from Bank.	-	200.00
Subsidiary Company			
a)	Maharashtra Value Added Tax Matter under Apeel of Subsidiary Company.	-	0.59
(B) Commitments			
Holding Company			
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	164.60	63.79
b)	There are no contractual commitment for acquisition of ROU asset as at the reporting date.	-	-
Subsidiary Company			
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	346.79	130.62
b)	There are no contractual commitment for acquisition of ROU asset as at the reporting date.	-	-

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Notes:

- The Group is involved in other disputes, lawsuits, claims, inquiries and proceedings including commercial matters that arise from time to time in the ordinary course of business. The Group believes that there are no such pending matters that are expected to have any material adverse effect on its financial statements in any given reporting period.
- The amounts shown above represent the best possible estimates of pending litigations/disputes arrived at on the basis of available information. The above do not include potential risks/demands, if any, for ongoing issues where no claims have been made against the Group.
- Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/ decisions pending with various forums/ authorities.

Note 46: Disclosure pursuant to Indian Accounting Standard (Ind AS) 24, Related Party Disclosures

(i) Names of related parties and nature of relationship:

Description of relationship and Name of Party	Description of relationship & Name of Party
Key Management Personnel (KMP)	Directors
Mr. Devendra Shah – Chairman	Mr. Nitin R. Dhavalikar – Director
Mr. Pritam Shah – Managing Director & Interim CFO	Ms. Radhika Dudhat – Director
Ms. Akshali Shah – Executive Director (w.e.f 25 th December 2022)	Mr. Narendra Ambwani – Director
Mr. Surendra Malaviya – Interim CFO (till 28 th April, 2023)	Mr. Ramesh Chandak – Director (till 12 th August 2022)
Mr. Krishnamurthy Suryanarayan – CFO (till 13 th November 2022)	Mr. B. M. Vyas – Director (till 29 th June, 2022)
Mrs. Rachana Sanganerla – CS (till 30 th September 2022)	Mr. Dnyanesh Vishnu Darshane (w.e.f. 25 th , December 2022)
Mr. Virendra Varma – CS (w.e.f 18 th October 2022)	Mr. Nikhil Vora (w.e.f. 20 th , August 2021)
Relative of Key Management Personnel	Entity in which KMP can exercise significant influence
Mr. Poojan Shah – Son of Mr. Devendra Shah (Chairman)	Bharat Trading Company
Mrs. Priti Shah – Spouse of Mr. Devendra Shah (Chairman)	SBM Advisors LLP
Mrs. Netra Shah – Spouse of Mr. Pritam Shah (Managing Director)	
Mr. Stavan Shah – Son of Mr. Pritam Shah (Managing Director)	

(ii) Details of transactions between the Company and related parties for the year ended March 31, 2023:

(a) Transaction during the year

₹ Million		
Particulars	March 31, 2023	March 31, 2022
Remuneration to Key Management Personnel and their relatives *		
Devendra Shah	24.00	24.00
Pritam Shah	24.00	24.00
Shashikant Dalmia	-	8.27
Rachana Sanganerla (CS)	1.42	2.60
Virendra Varma (CS)	0.89	-
Akshali Shah	5.03	4.22

Notes to Consolidated Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	March 31, 2023	March 31, 2022
Poojan Shah	1.16	0.83
Stavan Shah	1.11	0.56
Surendra Malaviya	1.83	-
Krishnamurthy Suryanarayan	1.02	-
Netra Shah	0.56	0.56
Rent Payment		
Devendra Shah	7.44	4.64
Pritam Shah	4.28	0.30
Priti Shah	0.24	0.24
Netra Shah	0.24	0.24
Reimbursement of expenses KMP		
Devendra Shah	2.61	0.63
Pritam Shah	2.48	1.32
Director sitting fees		
Nitin R. Dhavalikar	2.20	1.70
Radhika Dudhat	1.20	1.00
Narendra Ambwani	1.40	1.30
Ramesh Chandak	0.50	1.60
BM Vyas	0.20	0.70
Dnyanesh Vishnu Darshane	0.10	-
Consultancy fee including out of pocket expenses		
B.M. Vyas	0.48	1.38
Share warrants issued		
Devendra Shah	555.00	-
Netra Shah	555.00	-

* The remuneration to the key managerial personnel and their relatives (if any) comprises of only short term benefits and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole. Further, the remuneration to key managerial personnel does not include employee stock compensation expense.

(b) Details of balances outstanding as at March 31, 2023 :

₹ Million

Particulars	March 31, 2023	March 31, 2022
Amount Payable to		
Devendra Shah	8.25	0.62
Pritam Shah	7.60	0.08
Netra Shah	0.05	0.05
Rachana Sangneria	-	0.22
B.M. Vyas	0.60	0.32
Akshali Shah	0.43	0.36
Poojan Shah	0.10	0.07

Notes to Consolidated Financial Statements

for year ended March 31, 2023

₹ Million

Particulars	March 31, 2023	March 31, 2022
Netra Shah	0.38	1.16
Priti Shah	0.38	0.93
Stavan Shah	0.10	0.05
Personal guarantee issued by		
Devendra Shah and Pritam Shah	3,339.99	6,396.30

Note 47: Disclosure pursuant to Indian Accounting Standard (Ind AS) 33, Earnings Per Share

₹ Million

Particulars	March 31, 2023	March 31, 2022
Profit/(Loss) attributable to Equity shareholders (₹ Million) (A)	532.54	(5,324.95)
Amount of interest debited to statement of Profit & Loss for convertible bonds (₹ Million)	21.82	-
Weighted average number of Equity shares (Nos) for basic EPS (B)	10,50,68,319	9,35,61,825
Effect of Dilution :		
Weighted average number of Treasury shares held through ESOP Trust (Nos)	1,76,015	1,76,015
Number of shares under share warrant and FCCB (Nos)	53,28,942	21,36,364
Weighted average number of Equity shares (Nos) adjusted for the effect of dilution (C)	11,05,73,276	9,58,74,203
Basic EPS (in ₹) (A/B)	5.07	(56.91)
Diluted EPS (in ₹) (A/C)	4.96	(55.54)

Basic: Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, excluding equity shares held as treasury shares.

Diluted: Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding during the year for assumed conversion of all dilutive potential equity shares. Employee share options are dilutive potential equity shares for the Company.

Note 48: Disclosure pursuant to Indian Accounting Standard (Ind AS) 108, Operating Segments

"The Managing Director of the Holding Company acts as the Chief Operating Decision Maker (CODM) of the Group and in accordance with Indian Accounting Standard (Ind AS) 108, Operating Segments, for purpose of assessing the financial performance and position of the Group, and make strategic decisions. The Group's business activities are mainly related to processing of milk and manufacturing of milk related products, which are primarily assessed as a single reportable operating segment by the CODM.

The information based on geographical areas in relation to revenue and non-current assets are as below:

(a) Revenue from operations

₹ Million

Particulars	March 31, 2023	March 31, 2022
Within India	28,619.91	20,426.64
Outside India	306.29	290.90
Total	28,926.20	20,717.54

(b) Non-current operating assets

All non – current assets other than financial instruments, deferred tax assets of the group are located in India

(c) The group does not have revenues from transactions with a single external customer amount to 10 per cent or more of the total revenues.

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 49: Biological assets

A Nature of activities

The Group's subsidiary biological assets comprises of livestock (dairy cows).

Livestock is measured at fair value less cost to sell, with any resulting gain or loss recognized in the Statement of profit and loss. The Group's subsidiary livestock comprises of both mature and immature livestock.

Immature livestock comprises dairy cows that are intended to be reared to maturity. These cows are held to produce milk or offspring, but have not yet produced their first calf and begun milk production.

Mature livestock includes dairy cows that have produced their first calf and begun milk production.

Other livestock comprises of cows that are going through the dry phase of their life cycle.

₹ Million

Particulars	March 31, 2023	March 31, 2022
Immature cows	1,096	1,051
Mature cows	1,536	1,356
Other cows	298	204
Total	2,930	2,611
Total milk production(In Ltrs)	1,10,51,963	91,28,936

The Group's subsidiary is exposed to fair value risks arising from changes in price of raw milk and it does not anticipate that the price of the raw milk will decline significantly in the foreseeable future and the Group's subsidiary is of the view that there is no available derivative or other contracts which the Group's subsidiary can enter into to manage the risk of a decline in the price of the raw milk.

B Fair Value Measurements

Fair value hierarchy

₹ Million

Particulars	March 31, 2023	March 31, 2022	Fair value hierarchy
Livestock (Cow)	605.54	505.50	Level 3

Valuation technique used in the fair value measurement

Particulars	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurements
Livestock (milking cows)	The fair values of dairy cows is determined by using the multi-period excess earnings method, which is based on the discounted future cash flows to be generated by such dairy cows.	<ul style="list-style-type: none"> Estimated feeding cost/ milking cow Estimated milk yield/ milking cow Estimated weighted average selling price of milk / litre Discount rate 	<ul style="list-style-type: none"> Estimated feeding cost/ milking cow increase by 1% would reduce the fair valuation by ₹ 40.67 Million and ₹ 29.47 Million as of March 31, 2023 and 2022. Estimated milk yield/ milking cow increase by 1% would increase the fair valuation by ₹ 23.06 Million and ₹ 21.48 Million as of March 31, 2023 and 2022. Estimated weighted average selling price of milk / litre increase by ₹ 1/ litre would increase the fair valuation by ₹ 28.08 Million and ₹ 20.60 Million as of March 31, 2023 and 2022. Discount rate increase by 1% would reduce the fair valuation by ₹ 28.46 Million and ₹ 20.81 Million as of March 31, 2023 and 2022."

The Company is exposed to a number of risks relating to its agricultural activities:

Notes to Consolidated Financial Statements

for year ended March 31, 2023

a) Regulatory and environmental

The Group's subsidiary is subject to various local laws and regulations, and it has established policies and procedures aimed at ensuring compliance with the same.

b) Supply and demand

The Group's subsidiary is exposed to the risk arising from fluctuations in milk prices. The Group's subsidiary does not anticipate that the price of the raw milk will decline significantly in the foreseeable future. Further, there are no available derivatives or other contracts available in the market for managing such risk.

c) Climate and other risks

The Group's subsidiary livestock is exposed to risk of adverse climatic conditions and diseases etc. The Group's subsidiary has extensive processes in place to address the risk by having an in-house veterinary doctor and dispensary, regular health checkups of livestock cattle.

Note 50: Disclosure pursuant to Indian Accounting Standard (Ind AS) 102, Share-Based Payments

The Board of Directors constituted the equity settled Employee Stock Option Scheme ("ESOS 2015") vide its resolutions dated February 27, 2015 and April 21, 2015 for issue of 696,339 stock options to the key employees of the Holding Company, which has been further approved in the Company's Extra ordinary General meeting dated April 3, 2015 and May 16, 2015.

Pursuant to the above Scheme, the Board of Directors vide its Circular Resolution dated September 3, 2015, approved grant of 227,000 stock options to its employees on September 4, 2015.

The Holding Company has in its Board Meeting dated November 1, 2018 approved the grant of 166,015 options to the eligible employees of the Company at a fair market value of ₹ 258.90 (Two Hundred Fifty Eight Rupees and Ninety Paise) per option (based on the closing market price of ₹ 258.90 of the Company's shares on NSE as on October 31, 2018) under the Parag Milk Foods Limited – Employee Stock Option Scheme, 2018 – "ESOS 2018" (erstwhile ESOS 2015 under the ESOS Scheme 2015, renamed as ESOS Scheme 2018, besides renaming of the scheme to ESOS 2018, the other terms and conditions will remain the same as stated in ESOS 2015.) The Board of Directors approved fresh grant of ESOS options 1,66,015 at a fair market value of ₹ 258.90 per option under Parag Milk Foods Limited – Employee Stock Option Scheme – 2018 "ESOS 2018" (erstwhile ESOS-2015 under the SSOS scheme 201, renamed as ESOS scheme 2018, besides remaining of the scheme to ESOS 2018 the other terms and conditions will remain the same as stated in ESOS 2015.

According to ESOS 2018, the employee selected will be entitled to stock options, subject to satisfaction of the prescribed vesting conditions in the scheme. The contractual life (comprising the vesting period and the exercise period) of options granted is 3 years. The other relevant terms of the grant are as below. The fair valuation of the option have been computed as per the black scholes pricing model.

Vesting Period	1 years
Exercise Period	2 Years
Expected Life	2 Years
Exercise Price	₹ 258.90
Fair value using Black Scholes model on grant date	₹ 71.14
Date of grant	01-Nov-18

Notes to Consolidated Financial Statements

for year ended March 31, 2023

The details of activity under ESOS 2018 are summarized below:

₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of options	WAEP (Rs)	No. of options	WAEP (Rs)
Outstanding at the beginning of the year	-	-	1,02,039	258.90
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	1,02,039	258.90
Exercised during the year	-	-	-	-
Exercisable/ Vested during the year	-	-	-	-
Outstanding at the end of the year:	-	-	-	-
of which Options vested and exercisable at the end of the year	-	-	-	-

Particulars	March 31, 2023	March 31, 2022
Dividend yield (%)		
Expected volatility	-	34.95%
Risk-free interest rate	-	7.40%
Weighted average share price	-	258.90
Exercise price (Rs)	-	258.90
Expected life of options granted in years	-	2
Life of option remaining in months	-	0

The expected option life is assumed to be approximately half way between the option vesting period and contractual term of the option. Since the vesting period and contractual term is different, the expected life of the option will be different. The expected option life is calculated as $\text{Year to Vesting} + (\text{Contractual Option Term}) / 2$. Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the option.

Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

₹ Million

Particulars	March 31, 2023	March 31, 2022
Employee option plans	-	-

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Note 51: Statement of net assets and Profit or Loss attributable to owners and non controlling interest

₹ Million

Name of Entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income/(loss)		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ Million	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Holding								
Parag Milk Foods Ltd	101.27%	8,181.56	131.36%	699.57	84.02%	2.84	131.07%	702.41
Sub-total	101.27%	8,181.56	131.36%	699.57	84.02%	2.84	131.07%	702.41
Subsidiary (Indian)								
Bhagyalaxmi Dairy Farm Private Limited	(1.27%)	(102.47)	(31.36%)	(167.03)	15.98%	0.54	(31.07%)	(166.49)
Sub-total	(1.27%)	(102.47)	(31.36%)	(167.03)	15.98%	0.54	(31.07%)	(166.49)
Total	100.00%	8,079.09	100.00%	532.54	100.00%	3.38	100.00%	535.92
Consolidated Net Assets/ Loss after tax		8,079.09		532.54		3.38		535.92

Note 52: The List of subsidiary included in Consolidated Financial Statements is as under:

Name of the subsidiary company	Principal place of business	Proportion of direct ownership as on March 31, 2023	Proportion of direct ownership as on March 31, 2022
Bhagyalaxmi Dairy Farm Private Limited	India	100%	100%

Note 53 : Accounting ratio

₹ Million

Particulars	Numerator	Denominator	FY 2022-23	FY 2021-22	Percentage Variance from previous year
Current Ratio (in times)	Current assets	Current liabilities	1.92	1.59	21%
Debt - Equity Ratio (in times)	Debt	Total shareholders' equity	5.17	5.56	(7%)
Debt Service coverage ratio* (in times) 1	Net Profit before non cash operating expense and interest	Current debt	1.31	(2.28)	(157%)
Return on equity (in %) 2	PAT	Total average equity	50%	(595%)	(108%)
Inventory Turnover Ratio (in times) 3	Sales	Average inventory	5.50	3.53	56%
Trade receivables turnover ratio (in times) 4	Revenue from operations	Average trade receivables	19.71	14.58	35%
Trade payables turnover ratio (in times) 5	Adjusted expenses	Average trade payables	12.78	7.04	82%
Net capital turnover ratio (in times)	Revenue from operations	Working capital	5.35	6.20	(14%)
Net profit ratio (in %) 6	Net profit	Revenue	2%	(25%)	(107%)
Return on capital employed (in %) 7	PBIT	Capital employed	13.15%	(96.11%)	(114%)
Return on investment (in %)	Interest income, net gain on sale of investments and fair value gain	Average investments	1.71%	10.00%	(83%)

Notes to Consolidated Financial Statements

for year ended March 31, 2023

Explanation for variance exceeding 25% :

1. The debt service coverage ratio positive due to net profit during the year.
2. Return on equity increased due to infuse/increased in Equity capital.
3. Inventory turn around times increased during the year. Group is further looking to increase the turn around times.
4. Trade receivable turnover ratio increased during the year. It's a positive sign towards better receivable management.
5. The Group has reduced the credit days to get better competitive rate and quantity to mitigate the demand.
6. Net Profit Ratio is increased due to increase in Profit.
7. Return on capital employed is increased due to increase in profit during the year.

Note 54:

The Code on Social Security, 2020 (the 'Code') relating to employee benefits during employment and post-employment benefits received the President's assent on September 28, 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment has released the draft Rules for the Code on November 13, 2020 and has invited suggestions from the stakeholders. However, the date on which the Code/Rules will come to effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

Note 55 :

The Income Tax Department conducted a search under Section 132 of the Income Tax Act, 1961, on the Holding Company of the Group and its associated persons in the month of November 2021. The Holding Company of the Group had only received a Panchanama dated November 27, 2021. Subsequently, in the Assessment Order for A.Y 2021-22 dated December 31, 2022, a reference has been made to the search and seizure.

Note 56 : Additional Regulatory Information (to the extent applicable and reportable)

- (a) Details of Capital work-in-progress (Refer note 4A)
- (b) The Group has borrowings from banks on the basis of security of current assets (Refer note 39). The Group has filed monthly statements for FY 2022-23 & FY 2021-22 with banks which are in agreement with the books of account.
- (c) Accounting ratios (Refer note 53)

Note 57 :

The Consolidated financial statements are approved for issue by the Audit Committee and the Board of Directors at their respective meetings held on 29th April, 2023.

Note 58:

Figures of the previous year have been regrouped wherever necessary.

Signatures to Notes 1 to 58

SHARP & TANNAN

Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Edwin Paul Augustine

Partner
Membership No. 043385

For and on behalf of the Board of Directors of Parag Milk Foods Limited

Devendra Shah

Chairman
DIN: 01127319

Pritam Shah

Managing Director & Interim Chief Financial Officer
DIN: 01127247

Virendra Varma

Company Secretary & Compliance Officer
Membership No. F10520

Place: Mumbai
Date: April 29, 2023

Place: Mumbai
Date: April 29, 2023



Corporate Office:

10th floor, Nirmal Building, Nariman Point,
Mumbai – 400 021

CIN: L15204PN1992PLC070209